

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société :

None.

6. The classes and any maximum number of shares that the corporation is authorized to issue. Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

The Corporation is authorized to issue the following:

- (a) an unlimited number of common shares; and
- (b) an unlimited number of Class A Special shares.

7. **Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:** Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

(1) Dividends

(a) **Dividend Rights of Class A Special Shares**

The holders of the Class A Special shares, in preference and priority to the rights of the holders of the common shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation out of the moneys of the Corporation properly applicable to the payment of dividends, non-cumulative annual dividends in an amount per share not to exceed 8% of the Class A Redemption Amount, as herein defined, payable with respect to each fiscal year of the Corporation. The holders of the Class A Special shares shall not be entitled to receive any dividend other than or in excess of the non-cumulative annual dividends herein provided. All dividends which the board of directors may declare on the Class A Special shares shall be declared and paid in equal amounts per share on all of the Class A Special shares outstanding at the time of declaration. For greater certainty, a dividend shall be received in respect of a particular fiscal year if it is declared and paid during the last three quarters of a particular fiscal year or in the first quarter of the immediately following fiscal year. If within three months after the expiration of a fiscal year of the Corporation, the board of directors in its discretion has not declared a dividend or dividends on the Class A Special shares for that prior fiscal year then the rights of the holders of the Class A Special shares to receive dividends for that prior fiscal year shall be forever extinguished.

(b) **Dividend Rights of Common Shares**

Subject to the prior entitlement of the holders of the Class A Special shares, the holders of the common shares shall be entitled to receive dividends, as and when declared from time to time, by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends and the amount per share of each such dividend shall be determined by the board of directors of the Corporation at the time of declaration; provided that in respect of any fiscal year of the Corporation the board of directors shall not pay any dividend on the common shares until the board of directors has declared and the Corporation has paid the maximum amount of the dividend to which the holders of the Class A Special shares are entitled with respect to that fiscal year.

(c) **Protection of Redemption Amounts**

No dividends shall be declared or paid on any of the common shares nor shall any of the common shares be purchased for cancellation, nor shall any payment be made as a return of capital to the holders of the common shares, if after the payment of any such dividend or of the purchase price of such shares or of any such return of capital, as the case may be, the realizable value of the assets of the Corporation would not exceed the aggregate of the liabilities of the Corporation and redemption amount of all of the issued and outstanding Class A Special shares as at the date of declaration or payment thereof (the value of the assets and the liabilities of the Corporation to be determined by the accountant or auditor of the Corporation).

(2) Voting Rights of All Shares

(a) **Voting of Class A Special Shares**

Except as required by the provisions of the Business Corporations Act, and except as provided in this clause, the holders of the Class A Special shares shall not, as such, be entitled to receive notice of any meetings of the shareholders of the Corporation and shall not be entitled to attend or to vote at any such meetings but the holders of the Class A Special shares shall be entitled to notice of meetings of shareholders called for

7. *Continued*

the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business of the Corporation under subsection 184(3) of the Business Corporations Act.

(b) **Voting of Common Shares**

Except as required by the provisions of the Business Corporations Act, the holders of the common shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall be entitled to one vote per share at all meetings of shareholders, except meetings at which only holders of another class of shares are entitled to vote.

(3) **Redemption Rights of Class A Special Shares**

(a) **General Provisions**

The Corporation may, upon giving ten (10) days' written notice to the holders of the Class A Special shares, redeem at any time the whole or from time to time any part of the then outstanding Class A Special shares. Upon redemption, the Corporation shall pay to the holders of shares to be redeemed, in respect of each share to be redeemed, an amount equal to the sum of:

- (i) all dividends declared thereon and unpaid; and
- (ii) the Class A Redemption Amount as herein defined.

If notices of any redemption are given by the Corporation and if amounts sufficient to redeem the shares are deposited with any trust company or chartered bank in Canada, as specified in the notice, in trust for the holders of the shares to be redeemed on or before the date fixed for redemption, dividends on the shares to be redeemed shall cease after the date so fixed for redemption and the holders thereof shall thereafter have no rights against the Corporation in respect thereof except, upon the surrender of certificates evidencing such shares, to receive payment therefor out of the moneys so deposited. In case part only of the then outstanding Class A Special shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors in its discretion shall decide or, if the board of directors so determines may be redeemed pro rata, disregarding fractions, and the board of directors may make such adjustments as may be necessary to avoid the redemption of fractional parts of shares.

(b) **Class A Redemption Amount**

The "Class A Redemption Amount" shall, subject to the adjustment as provided herein, be the quotient determined by dividing

- (i) the fair market value of the property transferred to the Corporation as consideration for the issue of the Class A Special shares minus the sum of
 - (A) the fair market value of any non-share consideration given by the Corporation as part of the transfer, and
 - (B) the amount of any liabilities assumed by the Corporation; by
- (ii) the total number of Class A Special shares issued at the time of transfer

(the fair market values of the property transferred, and of the non-share consideration given, and the amount of any liabilities assumed to be determined by the board of directors of the Corporation as at the time of such transfer in accordance with generally

7. *Continued*

accepted valuation and accounting principles)

(c) **Class A Redemption Amount Adjustment**

(i) In this section:

- (A) "Fair Market Value" means the fair market value of the property transferred to the Corporation as consideration for the issue of the Class A Special shares on the date of such transfer.
- (B) "Exchange Consideration" means the product of the Class A Redemption Amount (as initially determined by the board of directors) multiplied by the number of Class A Special shares issued, plus the sum of
 - (I) the fair market value of any non-share consideration given by the Corporation as part of the transfer; and
 - (II) the amount of any liabilities assumed by the Corporation.
- (C) "Final Determination" means the earliest to occur of:
 - (I) the concurring decision of the holders of the Class A Special shares and the competent taxing authority; or
 - (II) the final determination of the competent taxing authority in respect of which either no objection or appeal has been instituted within the time prescribed by applicable legislation or all objections and appeals have been withdrawn or discontinued before delivery of any judgment by the court of first instance; or
 - (III) the decision of a court of competent jurisdiction in respect of which either no appeal has been instituted within the time prescribed by applicable legislation or all appeals have been discontinued before delivery of any judgment by the appellate court; or
 - (IV) the decision of a court of competent jurisdiction from which no further appeal may be taken.
- (D) "Tax Act" means the Income Tax Act (Canada).
- (E) "Benefit Rate" means the rate of interest prescribed by the Tax Act in calculating taxable benefits to taxpayers in respect of low interest or interest-free loans compounded daily.

(2) The Class A Redemption Amount shall be adjusted as herein provided. If any competent taxing authority shall

- (A) allege that the Exchange Consideration is not the Fair Market Value; or
- (B) propose to make an assessment on the basis that the Exchange Consideration is greater or less than the Fair Market Value,

the Class A Redemption amount shall be adjusted retroactively to the date of the first issuance of the Class A Special shares so that the exchange consideration is equal to the Fair Market Value fixed by the Final Determination. If after such adjustment, the Class A Redemption Amount would be less than \$0.01 per share, then the holders of the Class A Special shares shall pay an adjustment amount to the Corporation in an amount so that the Class A Redemption

Amount (determined on the basis that the adjustment amount was part of the original consideration for the issue of the Class A Special shares) shall be equal to \$0.01 per share, together with interest thereon calculated at the Benefit Rate from the date of issue of the Class A Special shares to the date of payment.

- (3) If any of the Class A Special shares has been redeemed prior to the date on which the Final Determination occurs, then the excess or shortfall, as the case may be, of the redemption amount paid to the holder of such shares in relation to the amount which would have been so paid if the Final Determination had occurred prior to such redemption shall be paid by such holder to the Corporation or by the Corporation to such holder, as the case may be, together in either case with interest thereon calculated at the Benefit Rate from the date of such redemption to the date of payment.

(4) **Retraction Rights of the Class A Special Shares**

A holder of Class A Special shares shall be entitled to require the Corporation to redeem at any time the whole or any part of such holder's Class A Special shares. Upon such redemption the Corporation shall pay to such holder in respect of each share to be redeemed an amount equal to

- (a) all dividends declared thereon and unpaid, plus
(b) the Class A Redemption Amount as hereinbefore defined.

A holder of Class A Special shares desiring to have shares redeemed by the Corporation as herein provided shall deposit with the Corporation the certificates evidencing the shares which the holder wishes to have redeemed, together with a notice requiring the redemption of all or a specific number of such shares. The Corporation shall redeem such number of shares and pay such amount within ten (10) days after such deposit. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in Canada. If the holder specifies in the notice requiring redemption that a part only of the Class A Special shares evidenced by any deposited share certificate is to be redeemed, the Corporation shall issue and deliver to such holder, at the expense of the Corporation, a new certificate evidencing the shares which are not to be redeemed. Upon redemption and payment as aforesaid, dividends on the shares redeemed shall cease and the holder thereof shall thereafter have no rights against the Corporation in respect thereof.

(5) **Distribution Rights of all Shares on Liquidation**

If the Corporation is liquidated, dissolved or wound-up or its assets are otherwise distributed among the shareholders by way of repayment of capital, whether voluntary or involuntary:

- (a) the holders of the Class A Special shares shall be entitled to receive, before any distribution of any assets of the Corporation among the holders of the common shares, an amount in respect of each Class A Special share held, equal to the sum of:
- (A) all dividends declared thereon and unpaid, and
(B) the Class A Redemption Amount as hereinbefore defined.

The holders of the Class A Special shares shall not be entitled to share any further in the distribution of the assets of the Corporation;

- (b) thereafter the holders of the common shares shall be entitled to share, equally share for share, in the distribution of the remaining assets of the Corporation.

8. The issue, transfer or ownership of shares is / is not restricted and the restrictions (if any) are as follows: L'émission, le transfert ou la propriété d'actions est / n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes :

No share or shares of the Corporation shall at any time be transferred to any person without either (a) the consent of a majority of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, or (b) the consent of the holders of not less than 51% of the outstanding common shares of the Corporation signified either by a resolution passed at a meeting of such shareholders or by an instrument or instruments in writing signed by such shareholders.

- A. The number of shareholders of the Corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued after the termination of that employment to be, shareholders of the Corporation, is limited to not more than fifty, two or more persons who are the joint registered owners of one or more shares being counted as one shareholder.
- B. Any invitation to the public to subscribe for securities of the Corporation is prohibited.
- C. Subject to the provisions of the Business Corporations Act, the Corporation shall have a lien on the shares registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation.
- D. The board of directors may from time to time, in such amounts and on such terms as it deems expedient charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertaking, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation.

The board of directors may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of such delegation.

10. The names and addresses of the incorporators are:

Nom et adresse des fondateurs :

First name, initials and surname or corporate name
Prénom, initiales et nom de famille ou dénomination sociale

Full residence address or address of registered office or of principal place of business giving Street & No. or R.R. No., Municipality and Postal Code
Adresse personnelle au complet, adresse du siège social ou adresse de l'établissement principal, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité et le code postal


Robert P. Hutchison

30 Rose Park Crescent
Toronto, Ontario
M4T 1P9

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

(Signatures of Incorporators)
(Signature des fondateurs)


Robert P. Hutchison