



Industry Canada

Industrie Canada

**Certificate  
of Amalgamation**

**Canada Business  
Corporations Act**

**Certificat  
de fusion**

**Loi canadienne sur  
les sociétés par actions**

**RUSSEL METALS INC.**

**398985-2**

\_\_\_\_\_  
Name of corporation-Dénomination de la société

\_\_\_\_\_  
Corporation number-Numéro de la société

I hereby certify that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business Corporations Act*, of the corporations set out in the attached articles of amalgamation.

Je certifie que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Director - Directeur

**January 1, 2002 / le 1 janvier 2002**

Date of Amalgamation - Date de fusion

**Canada**



1 - Name of amalgamated corporation / Dénomination de la société issue de la fusion

RUSSEL METALS INC.

2 - The place in Canada where the registered office is to be situated / Lieu au Canada où doit être situé le siège social.

Province of Ontario

3 - The classes and any maximum number of shares that the corporation is authorized to issue / Catégories et tout nombre maximal d'actions que la société est autorisée à émettre

The annexed Schedule A is incorporated in this form.

4 - Restrictions, if any, on share transfers / Restrictions sur le transfert des actions, s'il y a lieu

There are no restrictions on the transfer of shares of the Corporation.

5 - Number (or minimum and maximum number) of directors / Nombre (ou nombre minimal et maximal) d'administrateurs

The board of directors of the Corporation shall consist of a minimum of seven and a maximum of 12 directors.

6 - Restrictions, if any, on business the corporation may carry on / Limites imposées à l'activité commerciale de la société, s'il y a lieu

There are no restrictions on the business the Corporation may carry on.

7 - Other provisions, if any / Autres dispositions, s'il y a lieu

The annexed Schedule B is incorporated in this form.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows: / La fusion a été approuvée en accord avec l'article ou le paragraphe de la Loi indiqué ci-après.

183  184(1)  184(2)

9 - Name of the amalgamating corporations / Dénomination des sociétés fusionnantes	Corporation No. / N° de la société	Signature	Date / D-J/M/Y-A	Title / Titre
Russel Metals Inc.	0114138	<i>MEButton</i>	12/12/01	Vice President
A.J. Forsyth and Company Limited	3977684	<i>MEButton</i>	12/12/01	Vice President
3976599 Canada Inc.	3976599	<i>B.A. Willis</i>	12/12/01	Secretary
3977692 Canada Inc.	3977692	<i>B.A. Willis</i>	12/12/01	Secretary
3977773 Canada Inc.	3977773	<i>MEButton</i>	12/12/01	Vice President

FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT

Corporation number - Numéro de la société

398985-2

Filed - Déposée

*Jan. 8, 2002*

**This is Schedule A referred to in the foregoing articles of amalgamation.**

The Corporation is authorized to issue:

- (a) one class of shares consisting of an unlimited number of common shares without nominal or par value to be designated as "common shares";
- (b) one class of shares consisting of an unlimited number of preferred shares without nominal or par value to be designated as "Class I preferred shares", issuable in series (the "Class I Shares"); and
- (c) one class of shares consisting of an unlimited number of preferred shares without nominal or par value to be designated as "Class II preferred shares", issuable in series (the "Class II Shares").

**A. COMMON SHARES**

The rights, privileges, restrictions and conditions attaching to the common shares are as follows:

1. Dividends

1.1 The holders of the common shares shall be entitled to receive dividends and the Corporation shall pay dividends thereon, as and when declared by the board of directors of the Corporation, out of moneys properly applicable to the payment of dividends in such amount and in such form as the board of directors may from time to time determine and all dividends which the directors may declare on the common shares shall be declared and paid in equal amounts per share on all common shares at the time outstanding.

2. Dissolution

2.1 In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the common shares shall rank junior to the preferred shares.

3. Voting Rights

3.1 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 have one vote for each common share held at all meetings of the shareholders of the Corporation.

**B. CLASS I SHARES**

The rights, privileges, restrictions and conditions attaching to the Class I Shares, issuable in series, as a class, are as follows:

- (i) the directors of the Corporation may, at any time and from time to time, issue the Class I Shares in one or more series, each series to consist of such number of shares as may before issuance thereof be determined by the directors;
- (ii) the directors of the Corporation may (subject as hereinafter provided) from time to time fix before issuance the designation, rights, privileges, restrictions and conditions to be attached to the Class I Shares of each series including, without limiting the generality of the foregoing, the rate, amount or method of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such rate, amount or method of calculation shall be subject to change or

adjustment in the future, the currency or currencies of payment, the date or dates and place or places of payment thereof and the date or dates from which such preferential dividends shall accrue, the redemption price and terms and conditions of redemption, the rights of retraction, if any, vested in the holders of Class I Shares of such series, and the prices and the other terms and conditions of any rights of retraction and whether any additional rights of retraction may be vested in such holders in the future, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the Class I Shares of such series, the whole subject to the issue by the Director under the *Canada Business Corporations Act* of a certificate of amendment in respect of articles of amendment in prescribed form to designate a series of shares;

- (iii) when any cumulative dividends or amounts payable on a return of capital are not paid in full, the Class I Shares of all series shall participate rateably in respect of such dividends including accumulations, if any, in accordance with the amounts which would be payable on the Class I Shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all amounts so payable were paid in full;
- (iv) the Class I Shares shall be entitled to preference over the Class II Shares, Class A Shares and the Class B Shares of the Corporation and any other shares of the Corporation ranking junior to the Class I Shares with respect to the payment of dividends and may also be given such other preferences over the Class II Shares, Class A Shares and the Class B Shares of the Corporation and any other shares of the Corporation ranking junior to the Class I Shares as may be fixed by the directors of the Corporation as to the respective series authorized to be issued;
- (v) the Class I Shares of each series shall rank on a parity with the Class I Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary;
- (vi) in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the Class I Shares shall, before any amount shall be paid to or any property or assets of the Corporation distributed among the holders of the Class II Shares, Class A Shares or the Class B Shares or any other shares of the Corporation ranking junior to the Class I Shares, be entitled to receive (i) an amount equal to the amount paid up on such shares, together with, in the case of Class I Shares having the right to receive cumulative dividends, all unpaid cumulative dividends (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid up to and including the date of

distribution) and in the case of Class I Shares having the right to receive non-cumulative dividends, all declared and unpaid non-cumulative dividends, and (ii) if such liquidation, dissolution, winding-up or distribution shall be voluntary, an additional amount equal to the premium, if any, which would have been payable on the redemption of the said Class I Shares respectively if they had been called for redemption by the Corporation on the date of distribution and, if the said Class I Shares could not be redeemed on such date, then an additional amount equal to the greatest premium, if any, which would have been payable on the redemption of the said Class I Shares respectively;

- (vii) no dividends shall at any time be declared or paid on or set apart for payment on the Class II Shares, Class A Shares or the Class B Shares or any other shares of the Corporation ranking junior to the Class I Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of Class I Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Class II Shares, Class A Shares or the Class B Shares or such other shares of the Corporation ranking junior to the Class I Shares nor shall the Corporation call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Class I Shares (less than the total amount then outstanding) or any Class II Shares, Class A Shares or the Class B Shares or any other shares of the Corporation ranking junior to the Class I Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Class I Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment;
- (viii) the Class I Shares of any series may be purchased for cancellation or made subject to redemption by the Corporation at such times and at such prices and upon such other terms and conditions as may be specified in the rights, privileges, restrictions and conditions attaching to the Class I Shares of such series as set forth in the resolution of the board of directors of the Corporation and certificate of amendment relating to such series;
- (ix) the approval of the holders of the Class I Shares, given in the manner described in paragraph (x) below, shall be required (A) for the creation of any new shares ranking prior to or on a parity with the Class I Shares and (B) if, but only so long as, any dividends are in arrears on any outstanding series of Class I Shares, for the issuance of any additional series of Class I Shares or of any shares ranking prior to or on a parity with the Class I Shares;

- (x) the provisions of paragraph (i) to (ix) inclusive, and of this paragraph (x) may be deleted, amended, modified or varied in whole or in part by a Certificate of Amendment, but only with the prior approval of the holders of the Class I Shares given as hereinafter specified in addition to any other approval required by the *Canada Business Corporations Act* or any other statutory provision of like or similar effect, from time to time in force. The approval of the holders of the Class I Shares with respect to any and all matters hereinbefore referred to may be given by at least two-thirds of the votes cast at a meeting of the holders of the Class I Shares duly called for that purpose and held upon at least 21 days' notice at which the holders of a majority of the outstanding Class I Shares are present or represented by proxy. If at any such meeting the holders of a majority of the outstanding Class I Shares are not present or represented by proxy within one-half an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than 30 days later and to such time and place as may be appointed by the chairman and not less than 21 days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Class I Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds of the votes cast at such adjourned meeting shall constitute the approval of the holders of Class I Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Class I Shares shall be entitled to 1 vote in respect of each Class II Share held.

**C. CLASS II SHARES**

The rights, privileges, restrictions and conditions attaching to the Class II Shares, issuable in series, as a class, are as follows:

- (i) the directors of the Corporation may, at any time and from time to time, issue the Class II Shares in one or more series, each series to consist of such number of shares as may before issuance thereof be determined by the directors;
- (ii) the directors of the Corporation may (subject as hereinafter provided) from time to time fix before issuance the designation, rights, privileges, restrictions and conditions to attach to the Class II Shares of each series including, without limiting the generality of the foregoing, the rate, amount or method of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative, and whether such rate, amount or method of calculation shall be subject to change or

adjustment in the future, the currency or currencies of payment, the date or dates from which such preferential dividends shall accrue, the redemption price and terms and conditions of redemption, the rights of retraction, if any, vested in the holders of Class II Shares of such series, and the prices and the other terms and conditions of any rights of retraction and whether any additional rights of retraction may be vested in such holders in the future, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the Class II Shares of such series the whole subject to the issue by the Director under the *Canada Business Corporations Act* of a certificate of amendment in respect of articles of amendment in prescribed form to designate a series of shares;

- (iii) when any cumulative dividends or amounts payable on a return of capital are not paid in full, the Class II Shares of all series shall participate rateably in respect of such dividends including accumulations, if any, in accordance with the amounts which would be payable on the Class II Shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all amounts so payable were paid in full;
- (iv) the Class II Shares shall be entitled to preference over the Class A Shares and Class B Shares of the Corporation and any other shares of the Corporation ranking junior to the Class II Shares with respect to the payment of dividends and may also be given such other preferences over the Class A Shares and Class B Shares of the Corporation and any other shares of the Corporation ranking junior to the Class II Share as may be fixed by the directors of the Corporation as to the respective series authorized to be issued;
- (v) the Class II Shares of each series shall rank on a parity with the Class II Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary;
- (vi) in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the Class II Shares shall, before any amount shall be paid to or any property or assets of the Corporation distributed among the holders of the Class A Shares or the Class B Shares or any other shares of the Corporation ranking junior to the Class II Shares, be entitled to receive (i) an amount equal to the amount paid up on such shares, together with, in the case of Class II Shares having a right to receive cumulative dividends, all unpaid cumulative dividends (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid up to and including the date of distribution) and in the case of Class II Shares having a right to receive



non-cumulative dividends, all declared and unpaid non-cumulative dividends, and (ii) if such liquidation, dissolution, winding-up or distribution shall be voluntary, an additional amount equal to the premium, if any, which would have been payable on the redemption of the said Class II Shares respectively if they had been called for redemption by the Corporation on the date of distribution and, if the said Class II Shares could not be redeemed on such date, then an additional amount equal to the greatest premium, if any, which would have been payable on the redemption of the said Class II Shares respectively;

- (vii) no dividends shall at any time be declared or paid on or set apart for payment on the Class A Shares or Class B Shares or any other shares of the Corporation ranking junior to the Class II Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of Class II Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Class A Shares or the Class B Shares or such other shares of the Corporation ranking junior to the Class II Shares nor shall the Corporation call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Class II Shares (less than the total amount then outstanding) or any Class A Shares or the Class B Shares or any other shares of the Corporation ranking junior to the Class II Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Class II Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment;
- (viii) the Class II Shares of any series may be purchased for cancellation or made subject to redemption by the Corporation at such times and at such prices and upon such other terms and conditions as may be specified in the rights, privileges, restrictions and conditions attaching to the Class II Shares of such series as set forth in the resolution of the board of directors of the Corporation and certificate of amendment relating to such series;
- (ix) the approval of the holders of the Class II Shares, given in the manner described in paragraph (x) below, shall be required (A) for the creation of any new shares ranking prior to or on a parity with the Class II Shares and (B) if, but only so long as, any dividends are in arrears on any outstanding series of Class II Shares, for the issuance of any additional series of Class II Shares or of any shares ranking prior to or on a parity with the Class II Shares;
- (x) the provisions of paragraph (i) to (ix) inclusive, and of this paragraph (x) may be deleted, amended, modified or varied in whole or in part by a Certificate of Amendment, but only with the prior approval of the holders of the Class II Shares

given as hereinafter specified in addition to any other approval required by the *Canada Business Corporations Act* or any other statutory provision of like or similar effect, from time to time in force. The approval of the holders of the Class II Shares with respect to any and all matters hereinbefore referred to may be given by at least two-thirds of the votes cast at a meeting of the holders of the Class II Shares duly called for that purpose and held upon at least 21 days' notice at which the holders of a majority of the outstanding Class II Shares are present or represented by proxy. If at any such meeting the holders of a majority of the outstanding Class II Shares are not present or represented by proxy within one-half an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than 30 days later and to such time and place as may be appointed by the chairman and not less than 21 days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of the Class II Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds of the votes cast at such adjourned meeting shall constitute the approval of the holders of Class II Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Class II Shares shall be entitled to 1 vote in respect of each Class II Share held.

**D. CLASS II SHARES, SERIES A**

The first series of Class II preferred shares shall consist of 28,760 Class II Shares which shall be designated Convertible Class II preferred shares, Series A (the "Series A Shares") and shall have attached thereto, in addition to the rights, privileges, restrictions and conditions attaching to the Class II preferred shares as a class, the following rights, privileges, restrictions and conditions (the "Series A Provisions"):

1. General

1.1 Definitions

Where used in these Series A Provisions, the following words and phrases shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings, respectively:

- (a) "business day" means a day other than a Saturday, Sunday or any other day treated as a holiday in the municipality in Canada in which the Corporation's registered office is situated;

- (b) "cash dividends paid in the ordinary course" means cash dividends declared payable on the Common Shares in any fiscal year of the Corporation to the extent that such dividends do not exceed the amount obtained when the aggregate amount of dividends paid or accrued in respect of the issued and outstanding shares of the Corporation other than Common Shares for the immediately preceding fiscal year of the Corporation is deducted from the aggregate consolidated net income of the Corporation, before extraordinary items, for such immediately preceding fiscal year of the Corporation, as determined by the auditors of the Corporation in accordance with generally accepted accounting principles;
- (c) "Class A convertible shares" means Class A convertible shares in the capital of the Corporation;
- (d) "close of business" means the normal closing hour of the principal office in the City of Winnipeg of the transfer agent;
- (e) "Common Shares" means the Class A convertible shares and the Class B convertible shares in the capital of the Corporation;
- (f) "Conversion Basis" at any time means the number of Class A convertible shares into which 1 Series A Share may be converted at such time in accordance with Section 3;
- (g) "director" means a director of the Corporation for the time being and "directors" or "board of directors" means the board of directors of the Corporation or, if duly constituted and empowered, the executive committee of the board of directors of the Corporation for the time being, and reference, without further elaboration, to action by the directors means either action by the directors of the Corporation as a board or action by the said executive committee as such committee;
- (h) "fair market value" of the Common Shares on any date means the arithmetic weighted average of the board lot prices for sales of Common Shares on The Toronto Stock Exchange (or, if the Common Shares are not then listed and posted for trading on The Toronto Stock Exchange, on such stock exchange on which such shares are listed and posted for trading as may be selected for such purpose by the Directors) during the 15 consecutive trading days ending on the 7th day prior to such date;
- (i) "herein", "hereto", "hereunder", "hereof", "hereby" and similar expressions mean or refer to these Series A Provisions and not to any particular Section, clause, subclause, subdivision or portion hereof, and the expressions "Section", "clause" and "subclause" followed by a number or a letter mean and refer to the specified Section, clause or subclause hereof;

- (j) "Initial Issue Date" means the first date on which any Series A Shares are issued and outstanding;
- (k) "Junior Shares" means any shares in the capital of the Corporation ranking after or subordinated to the Class II preferred shares as to payment of dividends or the return of capital, including, without limiting the generality of the foregoing, the Common Shares;
- (l) "Liquidation Distribution" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (m) "transfer agent" means the person or persons from time to time appointed by the directors as the transfer agent for the Series A Shares and, in the event that no such person is appointed, "transfer agent" means the Corporation; and
- (n) "Series A Holder" means a registered holder of one or more Series A Shares.

1.2 Gender, etc.

Words importing the singular number only include the plural and vice versa and words importing any gender include all genders.

1.3 Currency

All monetary amounts referred to herein shall be in lawful money of Canada.

1.4 Headings

The division of these Series A Provisions into Sections, clauses, subclauses or other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Business Day

In the event that any date upon which any dividends on the Series A Shares are payable by the Corporation, or upon or by which any other action is required to be taken by the Corporation hereunder is not a business day, then such dividend shall be payable or such other action shall be required to be taken on or by the next succeeding day which is a business day.

## 2. Dividends

### 2.1 Declaration and Payment of Dividends

The holders of Series A Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors out of the moneys of the Corporation properly applicable to the payment of dividends, fixed preferential cumulative cash dividends at the rate of \$9.00 per share per annum. Such dividends shall accrue from the date of issue of such shares and, subject as hereinafter provided, shall be payable by quarterly instalments of \$2.25 per share on the 1st day of each of January, April, July and October in each year (each of which dates is hereinafter referred to as a "dividend payment date").

### 2.2 Amount of First Dividend

The amount of the dividend payable in respect of each Series A Share on the first dividend payment date following the Initial Issue Date shall be that proportion of \$2.25 which the number of days from and including the Initial Issue Date to such dividend payment date is to the total number of days in the 3 month period immediately preceding such dividend payment date.

### 2.3 Cumulation of Dividends

If on any dividend payment date the dividend payable on such date is not paid in full on the Series A Shares then issued and outstanding, the dividend or the unpaid part thereof shall be paid on a subsequent dividend payment date or dividend payment dates determined by the board of directors on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The Series A Holders shall not be entitled to any dividends other than or in excess of the fixed preferential cumulative dividends provided for in this Section 2.

### 2.4 Method of Payment

Any dividends declared on the Series A Shares shall be paid by forwarding by pre-paid registered mail, addressed to each Series A Holder at his address as it appears on the books of the Corporation or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the books of the Corporation, a cheque for such dividends (less the amount of any tax required to be deducted) payable to or to the order of such holder (or, in the case of joint holders, payable to, and in the name of, all such holders, failing written instructions from them to the contrary). Notwithstanding the foregoing, any dividend cheque may be delivered to a Series A Holder at his address as aforesaid. The forwarding or delivery of any such cheque shall satisfy such dividends to the extent of the sum represented by such cheque (plus the amount of any tax required to be deducted as aforesaid) unless such cheque is not paid on presentation. Each dividend on the Series A Shares shall be paid to the registered holders appearing on the registers at the close of business on such day (which shall not be more than 30 days preceding the date fixed for payment of such dividend) as may be determined in advance from time to time by the directors.

### 3. Conversion

#### 3.1 Right to Convert

The holders of Series A Shares shall have the right at any time and from time to time, up to the close of business on the 10th anniversary of the Initial Issue Date (subject as hereinafter provided), to convert all or any part of their Series A Shares into Class A convertible shares, on the Conversion Basis in effect on the date of conversion. Unless and until changed in accordance with these Class A Provisions, the Conversion Basis shall be the number determined by dividing \$100 by 120% of the greater of \$13 and an amount equal to the arithmetic weighted average of the board lot prices for sales of Common Shares on the Toronto Stock Exchange for the 15 consecutive trading days immediately preceding the Initial Issue Date.

#### 3.2 Conversion Procedure

The conversion right provided for in clause 3.1 may be exercised by notice in writing given to the transfer agent for the Series A Shares at its principal office in the City of Winnipeg, accompanied by the certificate or certificates representing Series A Shares in respect of which the holder thereof desires to exercise such right of conversion. Such notice shall be signed by such holder or his duly authorized attorney and shall specify the number of Series A Shares which the holder desires to have converted. The transfer form in the certificate or certificates in question need not be endorsed, except in the circumstances contemplated by clause 3.4. If less than all the Series A Shares represented by a certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Series A Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.

#### 3.3 Mandatory Conversion

If, at any time, the Corporation shall give notice to the holders of the Class II Preferred Shares or to the holders of the Series A Shares, of a meeting of some or all of the shareholders of the Corporation for the purpose of considering a resolution in respect of which such holders are entitled hereunder or otherwise at law to vote separately as a class or as a series, as the case may be, and the resolution is not passed at such meeting by the affirmative vote of the holders of a sufficient number of Class II Preferred Shares or Series A Shares, as the case may be, so as to be effective if passed by the requisite vote or votes of holders of all other classes and series of shares entitled to vote thereon, then in each such case the Corporation shall have the right, exercisable by notice (the "conversion notice") to the holders of the Series A Shares given at any time within a period of 60 days following the date of the meeting in question, to cause all, but not less than all, the outstanding Series A Shares to be converted into Class A convertible shares.

Effective upon the date on which the Corporation gives the conversion notice to the holders of the Series A Shares in accordance with this clause 3.3, all the then issued and outstanding

Series A Shares shall be converted into Class A convertible shares on the Conversion Basis in effect as at the close of business on the day immediately preceding the giving of such notice.

All Series A Shares which have not been converted into Class A convertible shares pursuant to the foregoing provisions of this Section on or prior to the tenth anniversary of the Initial Issue Date, shall, effective as at the close of business on such tenth anniversary, be converted into Class A convertible shares on the Conversion Basis then in effect, without any act or formality on the part of the Corporation or the holder or holders thereof.

On or as soon as practicable after the effective date of conversion of any Series A Shares pursuant to this clause 3.3, the Corporation shall deliver or cause to be delivered to the registered holders of the Series A Shares converted the certificates representing the Class A convertible shares to which they are entitled as a result of such conversion on presentation and surrender at the head office of the Corporation or any other place designated in the conversion notice of the certificates representing the Series A Shares converted.

3.4 Person to Whom Class A Convertible Shares will be Issued

On any conversion of Series A Shares the share certificates for Class A convertible shares of the Corporation resulting therefrom shall be issued in the name of the registered holder of the Series A Shares converted or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable security transfer taxes. In any case where the Class A convertible shares are to be issued in the name of a person other than the holder of the converted Series A Shares, the transfer form on the back of the certificates in question shall be endorsed by the registered holder of the Series A Shares or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the transfer agent.

3.5 Effective Date of Conversion

Each Series A Holder whose shares are to be converted in whole or in part (or any other person or persons in whose name or names any certificates representing Class A convertible shares are issued as provided in clause 3.4) shall be deemed to have become the holder of record of the Class A convertible shares into which such Series A Shares are converted, for all purposes, (i) in the case of conversion pursuant to clause 3.1 on the respective dates of surrender of the certificates representing the Series A Shares to be converted accompanied by notice in writing as provided in clause 3.2 and (ii) in the case of conversion pursuant to clause 3.3 on the earlier of the tenth anniversary of the Initial Issue Date and the date on which the Corporation has given the conversion notice referred to in such clause, in each case notwithstanding any delay in the delivery of certificates representing the Class A convertible shares into which such Series A Shares have been converted.

3.6 Adjustment of Conversion Basis

(a) If and whenever at any time prior to the tenth anniversary of the Initial Issue Date, the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of shares, or (iii) issue Common Shares to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend (other than a stock dividend which the holder of the Common Shares has elected to receive in lieu of a cash dividend paid in the ordinary course) (any of such events being herein called a "Common Share Reorganization"), the Conversion Basis shall be adjusted effective immediately after the record date at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization by multiplying the Conversion Basis in effect on such record date by the quotient obtained when:

- (A) the number of Common Shares outstanding after the completion of such Common Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Common Share Reorganization)

is divided by

- (B) the number of Common Shares outstanding on such record date before giving effect to the Common Share Reorganization.

The resulting product, adjusted to the nearest 1/100th shall thereafter be the Conversion Basis until further adjusted as provided in this clause 3.6.

(b) If and whenever at any time prior to the tenth anniversary of the Initial Issue Date, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them to subscribe for or purchase Common Shares (or securities of the Corporation convertible into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than the fair market value of a Common Share on such record date (any such event being herein referred to as a "Rights Offering"), then the Conversion Basis then in effect shall be adjusted immediately after such record date by multiplying the Conversion Basis in effect on such record date by the quotient obtained when:

- (A) the sum of the number of Common Shares outstanding on such record date and the number of additional Common Shares offered for subscription or purchase under the Rights Offering (or the number of Common Shares into which the securities so offered are convertible),

is divided by



