

**PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT**

1. DEFINITIONS

1.1 **Definitions.** In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith:

- (a) "Act" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;
- (b) "Agreement" means the Arrangement Agreement dated as of March 13, 1998 among Princeton, Imperial, Subco and New Princeton including the exhibits thereto as the same may be supplemented or amended from time to time;
- (c) "Amalco" means the amalgamated company resulting from the amalgamation of New Princeton and Subco pursuant to the Arrangement to be named "HML Mining Inc." or such other name as may be acceptable to the regulatory authorities and the directors of each of New Princeton and Subco;
- (d) "Amalco Shares" means the common shares without par value of Amalco;
- (e) "Arrangement" means the arrangement under the provisions of Section 192 of the Act, on the terms and conditions set forth in this Plan of Arrangement, subject to any amendments thereto made in accordance with Section 6.1 of the Agreement or made at the direction of the Court in the Final Order;
- (f) "Business Day" means a day which is not a Saturday, Sunday or statutory holiday;
- (g) "Class A Preferred Shares" means the Class A Preferred Shares of Princeton, as a class having the special rights and restrictions as set forth in Schedule II;
- (h) "Class B Shares" means the Class B Voting Common Shares of Princeton having the special rights and restrictions as set forth in Schedule I;
- (i) "Class C Shares" means the Class C Non-Voting Shares of Princeton having the special rights and restrictions as set forth in Schedule I;
- (j) "Court" means the Supreme Court of British Columbia;
- (k) "Debentureholders" means the holders of Debentures on the Record Date;
- (l) "Debentures" means the 7.0% unsecured subordinated convertible debentures of Princeton having an aggregate principal amount of \$9,000,000;
- (m) "Director" means "Director" as defined in the Act;
- (n) "Effective Date" means the date shown on the certificate of arrangement issued by the Director under the Act in respect of the Arrangement which will be no later than May 15, 1998 or such later date as may be agreed upon by Imperial and Princeton;

- (o) "Final Order" means the final order of the Court approving the Arrangement;
- (p) "Imperial" means Imperial Metals Corporation, a company amalgamated under the *Company Act* (British Columbia);
- (q) "Imperial Shares" means the common shares without par value of Imperial;
- (r) "Interim Order" means the order of the Court pursuant to the application therefor contemplated by Section 4.5 of the Agreement;
- (s) "Madison Pacific" means Princeton following completion of the Arrangement to be renamed "Madison Pacific Properties Inc.";
- (t) "Meetings" means the annual and special meeting of holders of Princeton Shares to be held to consider and, if thought fit, to approve the Arrangement, and the meeting of holders of Debentures to be held to consider and, if thought fit, to approve the Arrangement including the exchange of the Debentures for Imperial Shares, among other things;
- (u) "New Princeton" means 3396061 Canada Inc., a corporation incorporated under the Act and which is a wholly owned subsidiary of Princeton;
- (v) "New Princeton Shares" means voting common shares without par value of New Princeton;
- (w) "Old Common Shares" means the Princeton Shares as redesignated as part of the Arrangement;
- (x) "Plan of Arrangement" means this Plan of Arrangement which forms Exhibit I to the Agreement and any amendment or variation thereto made in accordance with Section 6.1 of the Agreement;
- (y) "Preferred Shares" means the Class A Preferred Shares, Series I of Princeton, being the first series of Class A Preferred Shares having the special rights and restrictions as set forth in Schedule III;
- (z) "Princeton" means Princeton Mining Corporation, a company continued under the Act;
- (aa) "Princeton Shares" means the common shares of Princeton to be redesignated as "Old Common Shares" as part of the Arrangement;
- (bb) "Proxy Circular" means the management proxy circular to be sent to Shareholders and Debentureholders of Princeton in connection with the Meetings;
- (cc) "Real Estate Assets" means the industrial and commercial income-producing properties, residential properties and options with respect to industrial properties to be acquired by Princeton pursuant to the Vend-In Agreement;
- (dd) "Record Date" means March 4, 1998;

- (ee) "Shareholders" means holders of Princeton Shares;
 - (ff) "Subco" means 109781 Canada Ltd., a company incorporated under the Act and which is a wholly owned subsidiary of Imperial;
 - (gg) "Subco Preferred Shares" means the Class B cumulative redeemable preferred shares of Subco;
 - (hh) "Subco Shares" means the Class A common shares without par value of Subco; and
 - (ii) "Vend-In Agreement" means the agreement dated March 13, 1998 among Princeton, Vanac Development Corp. and Madison Development Corporation and others relating, inter alia, to the acquisition by Princeton of certain real estate assets and cash.
- 1.2 **Headings.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article or Section hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Plan of Arrangement.
- 1.3 **Number.** In this Plan of Arrangement, unless something in the context is inconsistent therewith, words importing the singular number only will include the plural and vice versa, words importing the masculine gender will include the feminine and neuter genders and vice versa, words importing persons will include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words importing shareholders will include members.

2. ARRANGEMENT AGREEMENT

- 2.1 **Arrangement Agreement.** This Plan of Arrangement is made pursuant and subject to the provisions of the Agreement.

3. THE ARRANGEMENT

- 3.1 **Arrangement.** Effective as at 12:01 a.m. (the "Effective Time") on the Effective Date, the following will occur and be deemed to occur in the following order without any further act or formality notwithstanding anything contained in the provisions attached to any of the securities of Princeton, Imperial, New Princeton and Subco:
- (a) All of the assets of Princeton, except for all rights under the Vend-In Agreement, will be transferred to New Princeton at the fair market value thereof in exchange for New Princeton assuming all liabilities of Princeton and the issue by New Princeton to Princeton of 40 New Princeton Shares and a non-interest bearing demand promissory note in an amount equal to the difference between the fair market value of the assets less the amount of the assumed liabilities.
 - (b) The capital of Princeton will be amended by redesignating the Princeton Shares as "Old Common Shares", by cancelling the existing Class A preferred shares and by creating

unlimited Class B Shares, unlimited Class C Shares and unlimited Class A Preferred Shares, issuable in series, of which such number of shares as is equal to the number of Princeton Shares outstanding at the Effective Time (excluding shares held by dissenting Shareholders) shall be designated the Preferred Shares. The Articles of Princeton will be amended to provide for the special rights and restrictions to be attached to each of the Class B Shares, the Class C Shares, the Class A Preferred Shares and the Preferred Shares as set forth in Schedules I, II and III attached hereto respectively. The Register of Shareholders for Princeton Shares will be changed to be a Register of Shareholders for Old Common Shares.

- (c) Each holder of Old Common Shares (other than holders exercising dissent rights) will receive 0.025 of one Class B Share (or one Class B Share for every 40 Old Common Shares) and one Preferred Share for every Old Common Share held. The aggregate stated capital for the Preferred Shares will be equal to their aggregate fair market value, which is estimated to be \$8,125,000. No fractional Class B Shares will be issued to Shareholders and no cash will be paid in lieu of fractional shares. Any fractions of a Class B Share resulting from the foregoing exchange will be rounded to the nearest whole number with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one-half being rounded to the next lower whole number. The Old Common Shares for every holder (other than holders exercising dissent rights) will be cancelled. The Register of Shareholders for Old Common Shares shall be changed to be the Register of Shareholders for Preferred Shares. A Register of Shareholders for Class B Shares shall be deemed to have been created by taking the Register of Shareholders for Old Common Shares and amending same to reflect the exchange for Class B Shares and the elimination of fractions as set forth above.
- (d) Each holder of Preferred Shares will exchange each Preferred Share held with New Princeton for one New Princeton Share. The Register of Shareholders of New Princeton for the New Princeton Shares will be amended to reflect all of the New Princeton Shares issued to Shareholders of Princeton. The Register of Shareholders of Princeton for the Preferred Shares will thereafter be amended to reflect the acquisition by New Princeton of the Preferred Shares on the exchange.
- (e) Princeton will redeem all of the Preferred Shares at the aggregate redemption value thereof and will offset the redemption by returning for cancellation the non-interest bearing demand promissory note of New Princeton. The Preferred Shares will be cancelled.
- (f) The name of Princeton will be changed to "Madison Pacific Properties Inc."
- (g) The directors of Madison Pacific will be Sam Grippo, Raymond Y.K. Heung, Bruce W. Aunger, Richard C. Benmore and Richard Ilich.
- (h) The auditors of Madison Pacific will be Arthur Andersen & Co.
- (i) New Princeton and Subco will amalgamate, pursuant to the provisions of the Act, and continue as one company in the manner set out herein and with the effect set out in Section 192 of the Act, as follows:

- (i) each of New Princeton and Subco will contribute to Amalco all of its assets, subject to all of its liabilities and Amalco will assume all such liabilities;
- (ii) the name of Amalco will be "HML Mining Inc." or such other name as may be acceptable to the regulatory authorities and the directors of each of New Princeton and Subco;
- (iii) Each holder of New Princeton Shares will receive 0.073 of one Imperial Share for every one New Princeton Share held. No fractional Imperial Shares will be issued to shareholders of New Princeton and no cash will be paid in lieu of fractional shares. Any fractions of an Imperial Share resulting from the foregoing exchange will be rounded to the nearest whole number with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one-half being rounded to the next lower whole number;
- (iv) Imperial as the sole shareholder of Subco will receive one Amalco Share for every one Subco Share held;
- (v) The registered and records offices and the head office address of Amalco will be located at Suite 420, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8;
- (vi) Amalco will be authorized to issue an unlimited number of common shares without par value. The Articles of Arrangement of Amalco will be as set forth in Appendix "A" attached hereto, and the By-Law will be as set forth in Appendix "B" attached hereto;
- (vii) The first annual meeting of Amalco will be held in the month of, or prior to June 1999;
- (viii) The first directors of Amalco will be the following persons:

<u>Name</u>	<u>Address</u>	<u>Occupation</u>
Larry G.J. Moeller	232 Hamptons Green N.W. Calgary, Alberta T3A 5A8	Vice President, Finance, Edco Financial Holdings Ltd., a merchant bank, since May 1, 1994; prior thereto, Partner, Deloitte & Touche, Chartered Accountants
J. Brian Kynoch	2873 West 42nd Ave. Vancouver, B.C. V6N 3G7	Chief Operating Officer of Imperial since February 27, 1995; prior thereto President and Chief Executive Officer of Bethlehem Resources Corporation from October 1992 to February 1995
Pierre B. Lebel	629 Verona Place North Vancouver, B.C. V7N 3A4	President of Imperial

(ix) The first officers of Amalco will be the following persons:

<u>Name</u>	<u>Office</u>
Pierre B. Lebel	President
J. Brian Kynoch	Chief Operating Officer
Patrick McAndless	Vice President Exploration
André H. Deepwell	Vice President and Corporate Secretary

- (j) All existing stock options of Princeton to purchase up to 13,412,000 Princeton Shares will be cancelled and certain of these option holders holding an aggregate of 3,412,000 options (the "Princeton Options") will be granted options by Imperial on the basis of 0.073 Imperial stock options for every one Princeton Option held (for options to purchase up to an aggregate of 249,076 Imperial Shares), having the same terms and conditions as the Princeton Options except for the exercise price, which shall be the number resulting by dividing the Princeton Option exercise price by 0.073, and an additional 400,000 stock options will be granted by Imperial to three senior officers of Princeton, at an exercise price per share equal to the closing price of Imperial's shares on the Effective Date and all having a two year term.
- (k) All outstanding warrants to purchase up to 3,050,000 Princeton Shares at the price of \$0.60 per share until September 23, 2001 will be cancelled and replaced with warrants to purchase Imperial Shares using the same exchange rate of 0.073 as for the New Princeton Shares, resulting in Imperial issuing warrants to purchase up to 222,650 Imperial Shares at the price of \$8.22 per share until September 23, 2001.
- (l) The loan in the principal amount of \$2,700,000 made to Princeton by R.E.W. Holdings Ltd. together with all interest with respect thereto will be satisfied in full through cash repayment by Amalco.
- (m) All of the outstanding Debentures (including any accrued and unpaid interest thereon) will be satisfied in full through a repayment in Imperial Shares with each holder of Debentures receiving 486.1641 Imperial Shares for each \$1,000 principal amount of Debentures held as at the Effective Date. On the Effective Date, the Debentures will be deemed cancelled and thereafter the Debentureholders will have no rights in respect of the Debentures except to receive certificates representing Imperial Shares.

4. RIGHTS OF DISSENT

- 4.1 **Rights of Dissent.** Holders of Princeton Shares may exercise rights of dissent pursuant to and in the manner set forth in the Interim Order and Section 190 of the Act provided the notice of dissent is given at or before the termination of the meeting of Shareholders on April 17, 1998 and this Section 4.1 in connection with the Arrangement and holders who duly exercise such rights of dissent and who:

- (a) are ultimately to be paid fair value for their Princeton Shares will be deemed to have had their Princeton Shares cancelled on the Effective Date; or
- (b) are ultimately not entitled to be paid their fair value for any reason for their Princeton Shares will be deemed to have participated in the Arrangement on the same basis as any non-dissenting holder of Princeton Shares and will receive Imperial Shares, on the basis determined in accordance with Section 3.1(i) of this Plan of Arrangement.

5. CERTIFICATES AND DOCUMENTATION

- 5.1 **Entitlement to Imperial Share Certificates.** After the Effective Date, the former holders of Princeton Shares will be entitled to receive certificates representing Class B Shares and Imperial Shares on the basis set forth in Section 3.1 and the Debentureholders will be entitled to receive certificates representing Imperial Shares on the basis set forth in section 3.1(m).
- 5.2 **Letter of Transmittal.** As soon as reasonably practicable after the Effective Date, a letter of transmittal will be forwarded to each former holder of Princeton Shares and each former holder of Debentures containing instructions for obtaining the certificates representing Class B Shares and Imperial Shares, as applicable.
- 5.3 **Fractional Shares.** No fractional shares will be issued by Imperial and no fractional Class B Shares will be issued by Princeton and no cash will be paid in lieu thereof. Any fractions resulting will be rounded to the nearest whole number with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one-half being rounded to the next lower whole number.

Schedule I

**Special Rights and Restrictions Attaching to the
Class B Common Shares and the Class C Non-Voting Shares**

The Class B Common Shares (the "Class B Shares") and the Class C Non-Voting Shares (the "Class C Shares") in the capital of the Corporation shall respectively carry and be subject to the following rights, privileges, restrictions and conditions:

1. Subject to the *Canada Business Corporations Act* (the "Act") the holders of Class B Shares shall be entitled to receive notice of, to attend and to vote at all general meetings of shareholders of the Corporation and shall be entitled to one vote for each Class B Share held.
2. Subject to the Act, the holders of Class C Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all general meetings of shareholders of the Corporation and shall be entitled to receive all notices of meetings, information circulars and other written information from the Corporation that the holders of Class B Shares are entitled to receive from the Corporation pursuant to the provisions of the Act, the Articles, the by-laws or otherwise.
3. For the purposes of paragraphs 3 to 11 the following words shall mean:
 - (a) "affiliate" has the meaning assigned by the *Securities Act* (Ontario) as amended from time to time;
 - (b) "associate" has the meaning assigned by the *Securities Act* (Ontario) as amended from time to time;
 - (c) "Conversion Period" means the period of time commencing on the eighth day after the Offer Date and terminating on the Expiry Date;
 - (d) "Converted Shares" means Class B Shares resulting from the conversion of Class C Shares into Class B Shares pursuant to paragraph 4;
 - (e) "Exclusionary Offer" means an offer to purchase Class B Shares that:
 - (i) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class B Shares are listed, be made to all or substantially all holders of Class B Shares who are in a province of Canada to which the requirement applies; and
 - (ii) is not made concurrently with an offer to purchase Class C Shares that is identical to the offer to purchase Class B Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class B Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class B Shares,

and for the purposes of this definition if an offer to purchase Class B Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for sub-clause (ii), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class C Shares;

- (f) "Expiry Date" means the last date upon which holders of Class B Shares may accept an Exclusionary Offer;
- (g) "Offer Date" means the date on which an Exclusionary Offer is made;
- (h) "Offeror" means a person or company that makes an offer to purchase Class B Shares (the "bidder"), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document to be acting jointly or in concert with the bidder; and
- (i) "transfer agent" means the transfer agent for the time being of the Class B Shares.

4. Subject to paragraph 7 if an Exclusionary Offer is made, each outstanding Class C Share shall be convertible into one Class B Share at the option of the holder during the Conversion Period. The conversion right may be exercised by notice in writing given to the transfer agent accompanied by the share certificate or certificates representing the Class C Shares which the holder desires to convert, and such notice shall be executed by such holder, or by his attorney duly authorized in writing, and shall specify the number of Class C Shares which the holder desires to have converted. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the transfer agent of such notice and share certificate or certificates, the Corporation shall issue a share certificate representing fully-paid Class B Shares as above prescribed and in accordance with paragraph 6. If less than all of the Class C Shares represented by any share certificate are to be converted, the holder shall be entitled to receive a new share certificate representing in the aggregate the number of Class C Shares represented by the original share certificate which are not to be converted.

5. An election by a holder of Class C Shares to exercise the conversion right provided for in paragraph 4 shall be deemed to also constitute irrevocable elections by such holder to deposit the Converted Shares pursuant to the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer) and to exercise the right to convert into Class C Shares all Converted Shares in respect of which such holder exercises his right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up under the Exclusionary Offer and an irrevocable agreement by the holder exercising such rights of conversion not to vote any Converted Shares. Any conversion into Class C Shares, pursuant to such deemed election, of Converted Shares in respect of which the holder exercises his right of withdrawal from the Exclusionary Offer shall become effective at the time such right of withdrawal is exercised. If the right of withdrawal is not exercised, any conversion into Class C Shares pursuant to such deemed election shall become effective,

- (a) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offeror is required by applicable securities legislation to take up and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and
- (b) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.

6. No share certificates representing Converted Shares shall be delivered to the holders of the shares before such shares are deposited pursuant to the Exclusionary Offer; the transfer agent, on behalf of the holders of the Converted Shares, shall deposit pursuant to the Exclusionary Offer a certificate or certificates representing the Converted Shares. Upon completion of the Offer, the transfer agent shall deliver to the holders entitled thereto all consideration paid by the Offeror for their Converted Shares pursuant to the Offer. If Converted Shares are converted into Class C Shares pursuant to paragraph 5, the transfer agent shall deliver to the holders entitled thereto share certificates representing the Class C Shares resulting from the conversion. The Corporation shall make all arrangements with the transfer agent necessary or desirable to give effect to this paragraph 4.

7. Subject to paragraph 8, the conversion right provided for in paragraph 4 shall not come into effect if:

- (a) prior to the time at which the offer is made there is delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding Class B Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:
 - (i) tender any shares in acceptance of any Exclusionary Offer without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;
 - (ii) make any Exclusionary Offer;
 - (iii) act jointly or in concert with any person or company that makes any Exclusionary Offer; or
 - (iv) transfer any Class B Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the transfer agent and the Secretary of the Corporation written notice of such transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class B Shares transferred or to be transferred to each transferee;
- (b) as of the end of the seventh day after the Offer Date there has been delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class B Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:
 - (i) the number of Class B Shares owned by the shareholder;
 - (ii) that such shareholder is not making the offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the offer;

- (iii) that such shareholder shall not tender any shares in acceptance of the offer, including any varied form of the offer, without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and
 - (iv) that such shareholder shall not transfer any Class B Shares, directly or indirectly, prior to the Expiry Date without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class B Shares transferred or to be transferred to each transferee;
- (c) as of the end of the seventh day after the Offer Date a combination of certificates that comply with either clause (a) or (b) from shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class B Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, has been delivered to the transfer agent and to the Secretary of the Corporation.

8. If a notice referred to in sub-clause 7(a)(i), 7(a)(iv), 7(b)(iii) or 7(b)(iv) is given and the conversion right provided for in paragraph 4 has not come into effect, the transfer agent shall either forthwith upon receipt of the notice or forthwith after the seventh day following the Offer Date, whichever is later, determine the number of Class B Shares in respect of which there are subsisting certificates that comply with either clause 7(a) or 7(b). For the purpose of this determination, certificates in respect of which such a notice has been filed shall not be regarded as subsisting insofar as the Class B Shares to which the notice relates are concerned; the transfer that is the subject of any notice referred to in sub-clause 7(a)(iv) or 7(b)(iv) shall be deemed to have already taken place at the time of the determination; and the transferee in the case of any notice referred to in sub-clause 7(a)(iv) or 7(b)(iv) shall be deemed to be a person or company from whom the transfer agent does not have a subsisting certificate unless the transfer agent is advised of the identity of the transferee, either by such notice or by the transferee in writing, and such transferee is a person or company from whom the transfer agent has a subsisting certificate. If the number of Class B Shares so determined does not exceed 50% of the number of then outstanding Class B Shares, exclusive of shares owned immediately prior to the offer by the Offeror, paragraph 7 shall cease to apply and the conversion right provided for in paragraph 4 shall be in effect for the remainder of the Conversion Period.

9. As soon as reasonably possible after the seventh day after the Offer Date, the Corporation shall send to each holder of Class C Shares a notice advising the holders as to whether they are entitled to convert their Class C Shares into Class B Shares and the reasons therefor. If such notice discloses that they are not so entitled but it is subsequently determined that they are so entitled by virtue of paragraph 8 or otherwise, the Corporation shall forthwith send another notice to them advising them of that fact and the reasons therefor.

10. If a notice referred to in paragraph 9 discloses that the conversion right has come into effect, the notice shall:

- (a) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the offer;
- (b) include the information set out in paragraph 5 hereof; and

- (c) be accompanied by a copy of the offer and all other material sent to holders of Class B Shares in respect of the offer, and as soon as reasonably possible after any additional material, including a notice of variation, is sent to the holders of Class B Shares in respect of the offer, the Corporation shall send a copy of such additional material to each holder of Class C Shares.

11. Prior to or forthwith after sending any notice referred to in paragraph 9, the Corporation shall cause a press release to be issued to a Canadian national news-wire service, describing the contents of the notice.

12. Neither the Class B Shares nor the Class C Shares shall be subdivided or consolidated, unless contemporaneously therewith the other class of shares is subdivided or consolidated in the same proportion and in the same manner.

13. The Class C Shares shall have declared and paid on them as dividends, in accordance with and subject to these Articles, and concurrently with any declaration or payment of dividends on the Class B Shares, such dividends in such amounts as the directors of the Corporation may from time to time in their discretion determine to declare and pay equally on the Class B Shares and the Class C Shares, on a per share basis, and no dividend shall be declared or paid on the Class B Shares in any fiscal year of the Corporation unless a dividend of at least an equal amount per share is concurrently declared and paid or set aside for payment on the Class C Shares for such fiscal year.

14. Except as expressly provided otherwise, each Class B Share and each Class C Share shall have attached thereto the same rights and restrictions and be the same in all respects, and in particular, without limiting the generality of the foregoing, in the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among the shareholders for the purpose of winding up its affairs, all the property and assets of the Corporation available for distribution to the holders of the Class B Shares and the holders of the Class C Shares shall be paid or distributed, in accordance with and subject to these Articles, equally, share for share, to the holders of the Class B Shares and the holders of the Class C Shares, respectively, without preference or distinction.

15. Subject to the provisions hereinafter set out and the provisions of the Act, the Corporation may purchase for cancellation at any time all or from time to time any number of the outstanding Class C Shares by private contract or pursuant to an invitation for tenders addressed to all holders of Class C Shares, at such price or prices and in such manner as the directors of the Corporation may approve. If upon any invitation for tenders the Corporation receives tenders for Class C Shares at the same price in an aggregate number greater than the number for which the Corporation is prepared to accept tenders, the shares to be purchased shall be selected from the shares offered at such price as nearly as may be on a pro rata basis (disregarding fractions of shares) according to the number of Class C Shares offered in each such tender in such manner as the board of directors of the Corporation shall by resolution determine.

Schedule II

Special Rights and Restrictions Attaching to the Class A Preferred Shares

There are attached to the Class A Preferred Shares as a class, the following rights, privileges, restrictions and conditions:

1. Except as required by the *Canada Business Corporations Act*, holders of Class A Preferred Shares will not as such be entitled to receive notice of, attend or vote at any general meeting of shareholders unless otherwise determined in the terms of any series of Class A Preferred Shares;
2. The board may at any time and from time to time issue Class A Preferred Shares in one or more series, each series to consist of such number of shares as may before issuance of any thereof be determined by the board;
3. The Class A Preferred Shares of any series may have attached thereto preferences, privileges, rights, restrictions, conditions or limitations not inconsistent with the provisions of this Part including, without limiting the generality of the foregoing, preferences, privileges, rights, restrictions, conditions or limitations with respect to:
 - (a) the payment of dividends, in cash or otherwise, on shares of such series or on other shares of the Corporation,
 - (b) the redemption or purchase of Class A Preferred Shares by the Corporation,
 - (c) the redemption, purchase or other retirement of other shares of the Corporation or of any subsidiary of the Corporation,
 - (d) sinking or other funds for the purchase or redemption of Class A Preferred Shares,
 - (e) the exercise by the Corporation of any right to elect that any one or more dividends are to be paid out of one or more special surplus accounts recognized for tax purposes,
 - (f) the subdivision, consolidation or reclassification of shares of the Corporation,
 - (g) borrowing by the Corporation or by any subsidiary of the Corporation,
 - (h) the creation or issue of any debt or equity securities by the Corporation or by any subsidiary of the Corporation, including the issue of Class A Preferred Shares in addition to the Class A Preferred Shares at any time outstanding,
 - (i) the reduction of capital by the Corporation or by any subsidiary of the Corporation,
 - (j) the retirement of notes, bonds or debentures or other indebtedness of the Corporation or of any subsidiary of the Corporation,
 - (k) the conduct of the business of the Corporation or the investment of its funds,

- (l) meetings of holders of Class A Preferred Shares or of shares of that series, and
 - (m) the right of holders of Class A Preferred Shares to convert or exchange such shares into shares of the Corporation of any other class or series or into or for other securities of the Corporation or shares or other securities of any other corporation;
4. Holders of Class A Preferred Shares will be entitled to:
- (a) preference with respect to payment of dividends on such shares over the Class B Shares and the Class C Shares and over any other shares ranking junior to the Class A Preferred Shares with respect to payment of dividends, and
 - (b) in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, preference with respect to distribution of assets over the Class B Shares and the Class C Shares and over any other shares ranking junior to the Class A Preferred Shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the Class A Preferred Shares;
5. The board will, by resolution duly passed before the first issue of Class A Preferred Shares of a series, alter the Articles of Incorporation of the Corporation to fix the number of Class A Preferred Shares in, and to determine the designation, preferences, privileges, rights, restrictions, conditions and limitations to be attached to, the Class A Preferred Shares of that series;
6. The Class A Preferred Shares of each series will rank rateably with the Class A Preferred Shares of every other series:
- (a) with respect to dividends, and
 - (b) on the return of capital and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs;
7. Subject to the *Canada Business Corporations Act*, holders of the Class A Preferred Shares of any series will not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Corporation at any time authorized otherwise than in accordance with any conversion, exchange or other right which may from time to time be attached to shares of that series;
8. The Corporation will not without, but may from time to time with, the approval of the holders of the Class A Preferred Shares increase the authorized number of Class A Preferred Shares or create any class of shares ranking in priority to or on a parity with the Class A Preferred Shares;
9. The provisions of the foregoing paragraphs 1 to 8 inclusive, the provisions of this clause 9 and the provisions of the following clause 10 may be repealed, altered, modified, amended

or amplified only with the approval of the holders of the Class A Preferred Shares in addition to any other approval required by the *Canada Business Corporations Act*;

10. The approval of holders of the Class A Preferred Shares as to any and all matters referred to in this Part or as to any change adversely affecting the rights or privileges of the holders of Class A Preferred Shares may be given in writing by the holders of all the Class A Preferred Shares for the time being outstanding, or may be given by resolution passed at a meeting of holders of Class A Preferred Shares governed by the following rules:
 - (a) not less than 21 days notice of the meeting indicating the purpose for which the meeting is called must be given to all holders of Class A Preferred Shares;
 - (b) subject as provided in subclause (e), the quorum for the transaction of business will be one or more individuals present at the beginning of the meeting in the aggregate holding, or representing the holder or holders of, not less than 1/3 of the outstanding Class A Preferred Shares;
 - (c) if for any such meeting such a quorum is not present within half an hour after the time appointed for the meeting, the meeting will be adjourned to such date being not less than 15 days later and to such time and place as may be appointed by the Chairman;
 - (d) at least 10 days' notice must be given of such adjourned meeting, but it will not be necessary in such notice to indicate the purpose for which the meeting was originally called;
 - (e) at such adjourned meeting, the individual or individuals present as a holder or holders, or as representing a holder or holders of outstanding Class A Preferred Shares, will constitute a quorum for the transaction of the business for which the original meeting was convened;
 - (f) the vote required to pass a resolution will be the affirmative vote of not less than 2/3rds of the votes cast on the resolution on a poll;
 - (g) on a poll taken at every such meeting or adjourned meeting a holder of Class A Preferred Shares will be entitled to one vote in respect of each Class A Preferred Share held; and
 - (h) subject as provided in this clause, the formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting, and the conduct thereof, will be those which may from time to time be prescribed in the by-laws of the Corporation with respect to meetings of shareholders.

Schedule III

**Special Rights and Restrictions Attaching to the
Class A Preferred Shares, Series I**

The Class A Preferred Shares, Series I (the "Preferred Shares") shall have attached thereto the following special rights and restrictions in addition to the special rights and restrictions attaching to the Class A Preferred Shares as a class:

1. Subject to the prior rights of any shares of the Corporation ranking in priority to the Preferred Shares, the holders of Preferred Shares will be entitled to receive, if, as and when declared by the board of directors of the Corporation, non-cumulative dividends in an amount or amounts to be determined by the board of directors from time to time.

2. Subject to the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking in priority to the Preferred Shares, the Corporation may redeem at any time any of the then outstanding Preferred Shares on payment in cash or property for each share of an amount equal to the Redemption Amount (as defined below), together with all declared and unpaid dividends thereon. The Redemption Amount will be determined by dividing \$8,125,000 by the number issued (the "Redemption Amount"), which will be the specified amount for the purposes of subsection 191(4) of the *Income Tax Act* (Canada), as amended.

3. Every registered holder of Preferred Shares may (at his, her or its option upon giving notice) require the Corporation at any time to redeem any of the Preferred Shares held by such holder, and the Corporation shall pay to such holder for each share which the holder requires to be redeemed, the Redemption Amount, together with all declared and unpaid dividends thereon. If only a part of the shares represented by any certificate are to be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the redemption, the holder of the Preferred Shares to be redeemed as aforesaid, shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights as a member in respect thereof unless payment of the redemption value of his, her or its shares shall not be made upon presentation of the certificate in which case the rights of the holder shall remain unaffected.

4. In the event of any dissolution, liquidation or winding-up of the Corporation or other distribution of the property or assets of the Corporation, the holders of Preferred Shares shall be entitled to receive from the property or assets of the Corporation an amount equal to the Redemption Amount, together with all declared and unpaid dividends thereon. Subject to the prior rights of any shares of the Corporation ranking in priority to the Preferred Shares, such payment or distribution shall be made prior to the payment of any amount or the distribution of any property or assets of the Corporation to the holders of Class B Shares, Class C Shares or any other shares ranking junior to the Preferred Shares. Upon payment to the holders of record of the Preferred Shares on the date of distribution of the amount so payable to them, such holders shall not be entitled to share in any further distribution of the property or assets of the Corporation.

5. The holders of the Preferred Shares will not be entitled to any vote in respect of any general meeting of shareholders of the Corporation.

6. The provisions attaching to the Preferred Shares may be repealed, altered, modified or amended but only with the prior approval of the holders of the Preferred Shares, given by an instrument(s) in writing by the holders of all Preferred Shares outstanding or by a resolution passed by at least 66-2/3% of

the votes cast at a meeting of the holders of the Preferred Shares called for such purpose. Such requirement for the approval of the holders of the Preferred Shares shall be in addition to any vote, authorization, confirmation or approval as may then be required by applicable law.

7. The Class B Shares and the Class C Shares shall rank junior to the Preferred Shares and shall be subject in all respects to the rights, privileges, restrictions and conditions attaching to the Preferred Shares.