



Ministry of Government
and Consumer Services
Ontario
CERTIFICATE
This is to certify that these
articles are effective on

Ministère des Services
gouvernementaux et des
Services aux consommateurs
CERTIFICAT
Ceci certifie que les présents
statuts entrent en vigueur le

2275114

JANUARY 04 JANVIER, 2018

Barbara Rackitt

17

Director / Directrice

Business Corporations Act / Loi sur les sociétés par actions

Form 3
Business
Corporations
Act

Formule 3
Loi sur les
sociétés par
actions

**ARTICLES OF AMENDMENT
STATUTS DE MODIFICATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT) :

C	L	E	A	R	S	T	R	E	A	M	E	N	E	R	G	Y	S	E	R	V	I	C	E	S	I	N
C	.																									

2. The name of the corporation is changed to (if applicable) : (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT) :

3. Date of incorporation/amalgamation:
Date de la constitution ou de la fusion :

2011/02/18

(Year, Month, Day)
(année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a changé.

Number of directors is/are: minimum and maximum number of directors is/are:
Nombre d'administrateurs : nombres minimum et maximum d'administrateurs

Number minimum and maximum
Nombre minimum et maximum

or

5. The articles of the corporation are amended as follows:
Les statuts de la société sont modifiés de la façon suivante :

To increase the authorized capital of the Corporation by creating a first series of preferred shares as follows:

The articles of the Corporation be amended to designate the first series of preferred shares as "Series 1 Cumulative Redeemable Convertible Preferred Shares" (the "**Series 1 Preferred Shares**") of which 1,000,000 shall be authorized. In addition to the rights, privileges, restrictions and conditions attaching to the preferred shares as a class, the Series 1 Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

1. DEFINITIONS AND INTERPRETATION

1.1 *Definitions*

In the provisions herein contained attaching to the Series 1 Preferred Shares, the following terms shall have the following meanings:

"Accrued and Unpaid Dividends" means the aggregate of (i) all unpaid dividends on the Series 1 Preferred Shares for any Dividend Period; and (ii) the amount calculated as though dividends on each Series 1 Preferred Share had been accruing on a day to day basis from and including the most recent Dividend Payment Date up to and including the date to which the computation of accrued dividends is to be made;

"Applicable Securities Legislation" means applicable securities laws (including rules, regulations, policies and instruments) in each of the Provinces and Territories of Canada;

"Book-Entry Only System" means the record book-entry only securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof;

"Business Day" means any day other than a Saturday, Sunday, a statutory holiday or a day when banks are closed for business in the City of Toronto, Ontario or in the City of Calgary, Alberta;

"Change of Control" means, after the initial issuance of Series 1 Preferred Shares, the consummation of any transaction or series of transactions (including, without limitation, any merger, consolidation, arrangement or amalgamation) the result of which is that any Person, or group of Persons acting jointly or in concert for purposes of such transaction, becomes the beneficial owner, directly or indirectly, of voting shares of the Corporation representing more than 50% of the aggregate voting power of the voting shares of the Corporation (after giving effect to the conversion or exchange of securities convertible into, exchangeable for or otherwise carrying the right to acquire voting shares of the Corporation), but shall not include a Deemed Liquidation Event;

"Change of Control Price" means:

- (i) where a Change of Control is completed through an all cash transaction the highest price paid per Common Share under the transaction on the day the Change of Control first took place; and
- (ii) where a Change of Control is completed other than through an all cash transaction, the Current Market Price on the date the Change of Control first took place.

"Common Shares" means Common Shares of the Corporation, as constituted from time to time;

"Conversion Price" means:

- (i) the Change of Control Price where (A) a Change of Control takes place, (B) the Corporation is prevented under applicable law or otherwise from redeeming all the Series 1 Preferred Shares for cash, and (C) the Change of Control Price is less than \$0.35; and
- (ii) in all other cases \$0.35;

subject in either case to adjustment as provided for in Section 6.4 hereof;

"Convertible Debentures" means the 10.00% second lien secured convertible debentures of the Corporation due 2026 issued pursuant to the Convertible Secured Indenture;

"Convertible Secured Indenture" means the secured trust indenture dated as of March 23, 2016, between the Corporation and BNY Trust Company of Canada, as debenture trustee, providing for the issue of the Convertible Secured Debentures, as supplemented by the First Supplemental Indenture effective as of June 30, 2016 and dated August 11, 2016, and as further amended, modified or supplemented from time to time;

"Current Market Price" means, at any date in respect of the Common Shares, the volume weighted average trading price per share for Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding such date (or, if the Common Shares are not listed thereon, on the stock exchange on which the greatest volume of trading in the Common Shares took place in the 20 consecutive trading days, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market). The volume weighted average price shall be determined by dividing the total value by the total volume of the Common Shares traded on the said exchange or market, as the case may be, during the said 20 consecutive trading days;

"Deemed Liquidation Event" has the meaning set forth in Section 4.2;

"Depository" means CDS Clearing and Depository Services Inc. and its nominees or any successor carrying on the business as a depository, which is approved by the Corporation;

"Dividend Payment Date" in respect of the dividends payable on the Series 1 Preferred Shares means the last day of each of December, March, June and September in each year;

"Dividend Period" means the period from and including the date of initial issue of the Series 1 Preferred Shares up to but excluding March 31, 2018 and, thereafter, the period from and including a Dividend Payment Date up to but excluding the next succeeding Dividend Payment Date;

"Electronic Delivery" means the delivery by facsimile, electronic mail, the internet or other electronic means;

"Holder" means a holder of Series 1 Preferred Shares and "Holders" means the holders of Series 1 Preferred Shares;

"Person" means any individual, partnership, limited partnership, association, body corporate, trust, joint venture, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

"Redemption Date" for a Series 1 Preferred Share means the date specified in Section 4.2 if the redemption takes place under that Section, the date specified in Section 5.2 if the redemption takes place under that Section, or the date specified in Section 5.3 if the redemption takes place under that Section, as the case may be;

"Redemption Price" for a Series 1 Preferred Share means the redemption price specified in Section 4.2 if the redemption takes place under that Section, the redemption price specified in Section 5.2 if the redemption takes place under that Section, or the redemption price specified in Section 5.3 if the redemption takes place under that Section, as the case may be;

"Series 1 Dividends" means the fixed cumulative preferential cash dividends provided for under Section 3.1 of these Preferred Share Terms;

"Senior Secured Indenture" means the secured trust indenture dated as of March 23, 2016, between the Corporation and BNY Trust Company of Canada, as debenture trustee, providing for the issue of the Senior Secured Debentures, as supplemented by the First Supplemental Indenture effective as of June 30, 2016 and dated August 11, 2016, and as further amended, modified or supplemented from time to time;

"Transfer Agent" means AST Trust Company, Canada, a trust company existing under the laws of Canada, or such other person as from time to time may be the registrar and transfer agent for the Series 1 Preferred Shares.

1.2 Interpretation

In the provisions herein contained attaching to the Series 1 Preferred Shares:

- (a) in the event that any date on which any dividend on the Series 1 Preferred Shares is payable by the Corporation, or any date on or by which any other action is required to be taken by the Corporation or the Holders 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 that is a Business Day;
- (b) "in priority to", "on a parity with" and "junior to" have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any 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;
- (c) all references herein to a Holder of Series 1 Preferred Shares shall be interpreted as referring to a registered holder of the Series 1 Preferred Shares; and

(d) all references herein to "dollars" or "\$" shall mean the lawful currency of Canada.

2. CONSIDERATION FOR ISSUE

The consideration for the issue of each Series 1 Preference Share shall be \$1,000.00 or the equivalent thereof in property.

3. DIVIDENDS

3.1 *Cumulative Preferential Dividends*

The Holders shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the Board of Directors, out of moneys of the Corporation properly applicable to the payment of dividends, the Series 1 Dividends payable quarterly, with respect to each Dividend Period, on the Dividend Payment Date immediately following the end of each such Dividend Period in an amount per Series 1 Preferred Share per annum equal to \$100.00, accruing daily from the date of issue (less any tax required to be deducted) which shall be calculated on a 365 or 366 day basis, being the actual number of days in the year in which the amount is to be ascertained. Dividends shall be cumulative and shall accrue from day to day whether or not declared.

Series 1 Dividends shall (except in case of redemption in which case payment of Series 1 Dividends shall, subject to the provisions of Section 12 be made on surrender of the certificate representing the Series 1 Preferred Shares to be redeemed) be paid in lawful money of Canada by electronic funds transfer or by sending to each Holder a cheque for such Series 1 Dividends (less any tax required to be deducted) payable to the order of such Holder or, in the case of joint Holders, to the order of all such Holders. Any dividend cheque may be delivered by the Corporation to a Holder at his address as shown on the books of the Corporation. The posting or delivery of such cheque on or before the date on which such dividend is to be paid to a Holder shall be deemed to be payment and shall satisfy and discharge all liabilities for the payment of such dividends to the extent of the sum represented thereby (plus the amount of any tax required to be deducted as aforesaid) unless such cheque is not paid on due presentation. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Corporation.

If, on any Dividend Payment Date, subject to Section 3.3, the Series 1 Dividends accrued to such date are not paid in full on any or all of the Series 1 Preferred Shares then outstanding, such Series 1 Dividends, or the unpaid part thereof, shall be paid on a subsequent date or dates determined by the Board of Directors on which the Corporation shall have sufficient monies properly applicable to the payment of such Series 1 Dividends, including under the provisions of applicable law, the provisions of any trust indenture governing bonds, debentures or other securities of the Corporation and the provisions of any agreement governing any credit facility established in favour of the Corporation or any subsidiary of the Corporation.

Subject to Section 3.3, the Holders shall not be entitled to any dividends other than or in excess of the cumulative preferential cash dividends herein provided for.

3.2 *Dividend for Other than a Full Dividend Period*

The Holders shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the Board of Directors, out of moneys of the Corporation properly applicable to the payment of dividends, Series 1 Dividends for any period which is more or less than a full Dividend Period as follows:

- (a) in respect of the period beginning on and including the date of initial issue of the Series 1 Preferred Shares to but excluding March 31, 2018 (the "**Initial Dividend Period**"), a dividend in an amount per Series 1 Preferred Share equal to the amount obtained (rounded to four decimal places) when \$100.00 is multiplied by a fraction, the numerator of which is the number of calendar days from and including the date of issue of the Series 1 Preferred Shares up to but excluding March 31, 2018, and the denominator of which is 365; and
- (b) in respect of any period other than the Initial Dividend Period that is more or less than a full Dividend Period, a dividend in an amount per Series 1 Preferred Share equal to the amount obtained (rounded to four decimal places) when \$100.00 is multiplied by a fraction, the numerator of which is the number of calendar days in the relevant period (which shall include the first day of such period but exclude the last day of such period) and the denominator of which is the number of calendar days in the year in which such period falls.

3.3 *Stock Dividends*

If, on any particular date, there are Accrued and Unpaid Dividends, the Holders of a majority of the Series 1 Preferred Shares may request in writing that the Board of Directors declare a dividend in Series 1 Preferred Shares on each Series 1 Preferred Share in payment in part or in full for the Accrued and Unpaid Dividends. Upon receipt of such a request, the Board of Directors shall declare and pay the stock dividend as soon as possible and in any event within one Business Day. The number of Series 1 Preferred Shares declared as a dividend on each Holder's Series 1 Preferred Shares shall be the whole number equal to the Accrued and Unpaid Dividends on the Holder's Series 1 Preferred Shares divided by 1,000. No fractional Series 1 Preferred Shares shall be issued such that any amount of Accrued and Unpaid Dividends (after giving effect to the stock dividend) less than \$1,000.00 per Series 1 Preferred Share shall remain outstanding.

4. RIGHTS ON LIQUIDATION EVENTS

4.1 *Payments to Holders of Series 1 Preferred Shares on Liquidation*

- (a) In the event of any 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 (a "**Liquidation Event**"), the holders of the Series 1 Preferred Shares then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders (on a pari passu basis with the holders of any series of preferred shares ranking on liquidation on parity with the Series 1

Preferred Shares) and before any payment shall be made to the holders of Common Shares or any other shares of any series or classes of shares of the Corporation ranking on liquidation junior to the Series 1 Preferred Shares by reason of their ownership thereof, an amount per Series 1 Preferred Share equal to \$1000.00 in cash plus all Accrued and Unpaid Dividends (whether declared or undeclared) up to but excluding the date of payment less any tax required to be deducted and withheld by the Corporation (the "**Series 1 Liquidation Amount**"). If upon the occurrence of such event the assets and funds thus distributed among the holders of the Series 1 Preferred Shares and any series of preferred shares ranking on liquidation on parity with the Series 1 Preferred Shares shall be insufficient to permit the payment to such holders of the full amount to which they are entitled under this Section 4.1, the holders of Series 1 Preferred Shares and any series of preferred shares ranking on liquidation on parity with the Series 1 Preferred Shares shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

- (b) In the event of any Liquidation Event, after the payment of the Series 1 Liquidation Amount, the holders of Preferred Shares will not be entitled to share in any further distribution of the remaining assets of the Corporation available for distribution.

4.2 *Deemed Liquidation Event*

- (a) The following events shall be deemed to be a liquidation of the Corporation for purposes of this Section 4 (a "**Deemed Liquidation Event**"), unless the holders of a majority of the outstanding Series 1 Preferred Shares elect otherwise by written notice given to the Corporation at least ten days prior to the effective date of any such event:
 - (i) a merger, amalgamation, arrangement or consolidation in which
 - (A) the Corporation is a constituent party; or
 - (B) a subsidiary of the Corporation is a constituent party and the Corporation issues shares pursuant to such merger, amalgamation, arrangement or consolidation;

except any such merger, amalgamation, arrangement or consolidation involving the Corporation or a subsidiary in which the shares of the Corporation outstanding immediately prior to such merger, amalgamation, arrangement or consolidation continue to represent, or are converted into or exchanged for shares that represent, immediately following such merger, amalgamation, arrangement or consolidation, at least a majority, by voting power, of the shares of (1) the surviving or resulting corporation, or (2) if the surviving or resulting corporation is a wholly

- owned subsidiary of another corporation immediately following such merger, amalgamation, arrangement or consolidation, the parent corporation of such surviving or resulting corporation;
- (ii) the sale or disposition (or any lease, license or other arrangement having the same effect as a sale or disposition), direct or indirect, in a single transaction or a series of related transactions by the Corporation or any of its subsidiaries, of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole, except where such sale, disposition, lease, license or other arrangement is to a wholly owned subsidiary of the Corporation; or
 - (iii) a breach by the Corporation or any of its subsidiaries of section 7(j)(ii) of the Refinancing Agreement.
- (b) The Corporation shall not have the power to effect any transaction constituting a Deemed Liquidation Event pursuant to Section 4.2(a)(i) above unless the agreement in respect of the merger, amalgamation, arrangement or consolidation provides that the consideration payable to the shareholders of the Corporation shall be allocated among the holders of shares of the Corporation in accordance with Section 4.1 above.
- (c) In the event of a Deemed Liquidation Event pursuant to Sections 4.2(a)(ii) or 4.2(a)(iii) above, (A) the Corporation shall deliver a written notice to each holder of Series 1 Preferred Shares no later than the seventh day after the Deemed Liquidation Event advising such holders of their right pursuant to the terms of the following clause (B) to require the redemption of such Series 1 Preferred Shares, and (B) if the holders of at least a majority of the Series 1 Preferred Shares so request in a written instrument delivered to the Corporation not later than thirty days after receiving notice of such Deemed Liquidation Event, the Corporation shall redeem, on the fifth day after receiving such written request from the holders of at least a majority of the Series 1 Preferred Shares, all outstanding Series 1 Preferred Shares at a price per share equal to the Series 1 Liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Corporation does not have sufficient lawfully available funds to redeem all outstanding Series 1 Preferred Shares, the Corporation shall redeem a pro rata portion of each holder's Series 1 Preferred Shares based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares. Where redemption is limited by the funds legally available therefor, the Corporation shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. Prior to the distribution or redemption provided for in this Section 4.2(c), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event except to discharge expenses incurred in the ordinary course of business.

- (d) Any amount payable to Holders pursuant to this Section 4 shall be paid in cash; provided, that to the extent the Corporation has, having exercised commercially reasonable efforts to make such payment, insufficient cash to pay any amount owing pursuant to this Section 4 in full in cash, the portion of such amount with respect to which the Corporation has insufficient cash may be paid in property or other assets of the Corporation. The value of such property or other assets shall be determined in good faith by the board of directors (including a majority of the independent members thereof), with advice from an investment bank nationally recognized in Canada or the United States, as to the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.
- (e) In the event that one or more of the certificates representing Series 1 Preferred Shares being redeemed in accordance with this Section 4.2 represents an aggregate number of Series 1 Preferred Shares that are subject to redemption in part only, upon surrender of the certificate representing such Series 1 Preferred Shares for payment of the Redemption Price, the Corporation shall execute and the Transfer Agent shall certify and deliver without charge to the Holder thereof or upon the Holder's order, one or more new certificates representing that number of the Series 1 Preferred Shares not redeemed.
- (f) Subject to the provisions above related to Series 1 Preferred Shares redeemed in part, all Series 1 Preferred Shares redeemed and paid for under this Section 4.2 shall forthwith be cancelled by the Corporation and no Series 1 Preferred Shares shall be issued in substitution therefor.
- (g) The Corporation will publicly announce the results of the redemptions made pursuant to this Section 4.2 as soon as practicable after the Redemption Date.
- (h) The Corporation will comply with all Applicable Securities Legislation in the event that the Corporation is required to redeem Series 1 Preferred Shares pursuant to this Section 4.2.

4.3 *Payment of Redemption Price*

On and after the Redemption Date, the Corporation shall pay or cause to be paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series 1 Preferred Shares so called for redemption, if any, subject to the provisions of Section 12. Such payment shall be made by electronic funds transfer or cheque payable at par at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means the Corporation deems desirable and shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the Holders of Series 1 Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority) unless the cheque is not

honoured when presented for payment. From and after the Redemption Date, the Series 1 Preferred Shares called for redemption shall cease to be entitled to Series 1 Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by the Corporation. At any time after the Corporation is required to redeem Series 1 Preferred Shares as provided in this Section 4, the Corporation shall have the right to deposit the Redemption Price of all Series 1 Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 12. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed on the Redemption Date. After the Corporation has made a deposit as aforesaid with respect to any shares, the Holders thereof shall not, from and after the Redemption Date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

5. REDEMPTION

5.1 *Series 1 Preferred Shares*

Subject to Section 4.2, the Series 1 Preferred Shares may only be redeemed by the Corporation in the circumstances set out in Section 5.2 and 5.3, and in all cases only to the extent permitted by applicable law, the provisions of any trust indenture governing bonds, debentures or other securities of the Corporation and the provisions of any agreement governing any credit facility established in favour of the Corporation or any subsidiary of the Corporation. Notwithstanding anything to the contrary in the terms attaching to the Series 1 Preferred Shares, the rights of a Holder to convert his, her or its Series 1 Preferred Shares pursuant to Section 6 hereof shall be applicable at all times and shall be exercisable in priority to any proposed redemption of the Series 1 Preferred Shares by the Corporation.

5.2 *Payment of Indebtedness under Senior Secured Indenture*

- (a) On and after such time as all indebtedness outstanding under the Senior Secured Indenture has been paid in full, then the Series 1 Preferred Shares may be redeemed at the option of the Corporation in whole or in part from time to time at a redemption price equal to \$1,100.00 per Series 1 Preferred Share, together with all Accrued and Unpaid Dividends to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

- (b) If the Corporation is permitted to redeem the Series 1 Preferred Shares under Section 5.1 and this Section 5.2, and it determines to do so, it shall give notice in writing in the manner provided for in Section 11 not less than 30 days and not more than 60 days prior to the date on which the redemption is to take place that it is redeeming such Series 1 Preferred Shares pursuant to Section 5.2 to each person who at the date of giving such notice is the Holder of Series 1 Preferred Shares to be redeemed. Such notice shall set out the number of such Series 1 Preferred Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Price and shall also set out the date on which the redemption is to take place.
- (c) The Corporation may not redeem the Series 1 Preferred Shares under this Section 5.2 after a transaction that may give rise to a Change of Control has been announced, while such transaction is outstanding and for thirty days after the public announcement that such transaction has been withdrawn or abandoned or cannot be completed.

5.3 *Change of Control*

- (a) Upon the announcement of an event that could give rise to a Change of Control, the Corporation shall, as soon as practicable, and in any event no later than five Business Days after becoming so aware, give written notice to the Holders advising them of (a) the event, (b) the fact a Change of Control may occur, and (c) whether, in the event the announced Change of Control takes place, the Corporation reasonably believes that it would be permitted under Section 5.1 to redeem all the Series 1 Preferred Shares as required pursuant to this Section, and, if not, the number of Series 1 Preferred Shares that the Corporation expects it will be permitted to redeem under Section 5.1.
- (b) Upon the occurrence of a Change of Control, each Holder shall have the right (the "**Retraction Right**") to require the Corporation to redeem, on the date which is seven days following the date upon which the Corporation delivers a Change of Control Notice to the Holders, all or any part of such Holder's Series 1 Preferred Shares in accordance with the requirements of Applicable Securities Legislation at a redemption price equal to \$1000 per Series 1 Preferred Share plus all Accrued and Unpaid Dividends up to, but excluding, the Redemption Date.
- (c) The Corporation will, as soon as practicable after becoming aware of the occurrence of a Change of Control and in any event no later than two Business Days after becoming so aware, give written notice to the Holders of the Change of Control (the "**Change of Control Notice**"). The Change of Control Notice shall be prepared by the Corporation and shall include: (A) a description of the Change of Control; (B) details of the Retraction Right; (C) a statement confirming that each Holder will be entitled to withdraw its election to require the Corporation to redeem such Series 1 Preferred Shares if the Corporation receives, no later than the close of business one Business Day immediately preceding the Redemption Date, a facsimile transmission or letter setting forth the name of such Holder, the

number of Series 1 Preferred Shares delivered for redemption and a statement that such Holder is withdrawing his election to have such Series 1 Preferred Shares redeemed; (D) a description of the 90% Redemption Right; and (E) the date which shall be the Redemption Date.

- (d) To exercise the Retraction Right, a Holder must deliver to the Transfer Agent, not less than one Business Day prior to the Redemption Date, written notice of the Holder's exercise of such right in the form attached as Schedule "A" and, subject to the provisions of Section 12, the certificate(s), if any, representing the Series 1 Preferred Shares with respect to which the right is being exercised duly endorsed for transfer.
- (e) If 90% or more of the Series 1 Preferred Shares outstanding on the date the Corporation provides a Change of Control Notice have been tendered for redemption pursuant to the Retraction Right in accordance with Section 5.3(b), the Corporation shall have the right but not the obligation upon written notice provided to the Holders prior to the Redemption Date, to redeem all but not less than all of the remaining outstanding Series 1 Preferred Shares ten Business Days following the first Redemption Date at the Redemption Price per Series 1 Preferred Share provided for in Section 5.3(b) (the "**90% Redemption Right**").
- (f) If the Corporation determines to exercise the 90% Redemption Right and acquire the remaining Series 1 Preferred Shares, it shall as soon as reasonably possible provide written notice to all Holders that did not previously exercise the Retraction Right that:
 - (i) the Corporation has exercised the 90% Redemption Right and will redeem all outstanding Series 1 Preferred Shares on the specified date at the Redemption Price provided for in Section 5.3(b);
 - (ii) such Holders must transfer their Series 1 Preferred Shares to the Corporation on the same terms as those Holders that exercised the Retraction Right and, subject to the provisions of Section 12, must send the certificate(s), if any, representing their respective Series 1 Preferred Shares, duly endorsed for transfer, to the Transfer Agent within 10 days after sending of such notice; and
 - (iii) the rights of such Holders under the terms of the Series 1 Preferred Shares cease as of the Redemption Date provided the Corporation has either paid the Redemption Price to such Holders, or set aside the Redemption Price to be paid to such Holders upon receipt of their certificate(s) in accordance with Section 5.4, and thereafter the Series 1 Preferred Shares shall not be considered to be outstanding and the Holders shall not have any right except to receive the Redemption Price upon surrender and delivery of such Holder's Series 1 Preferred Shares.

- (g) If the Corporation is not permitted to redeem all the Series 1 Preferred Shares, under Section 5.1, it shall redeem *pro rata* the Series 1 Preferred Shares tendered for redemption that it is permitted at law to redeem and the Corporation shall redeem the remaining Series 1 Preferred Shares as soon as it is legally able to do so.
- (h) In the event that one or more of the certificates representing Series 1 Preferred Shares being redeemed in accordance with this Section 5.3 represents an aggregate number of Series 1 Preferred Shares that are subject to redemption in part only, upon surrender of the certificate representing such Series 1 Preferred Shares for payment of the Redemption Price, the Corporation shall execute and the Transfer Agent shall certify and deliver without charge to the Holder thereof or upon the Holder's order, one or more new certificates representing that number of the Series 1 Preferred Shares not redeemed.
- (i) Subject to the provisions above related to Series 1 Preferred Shares redeemed in part, all Series 1 Preferred Shares redeemed and paid for under this Section 5.3 shall forthwith be cancelled by the Corporation and no Series 1 Preferred Shares shall be issued in substitution therefor.
- (j) The Corporation will publicly announce the results of the redemptions made pursuant to Section 5.3 as soon as practicable after the Redemption Date.
- (k) The Corporation will comply with all Applicable Securities Legislation in the event that the Corporation is required or elects to redeem Series 1 Preferred Shares pursuant to Section 5.3.

5.4 *Payment of Redemption Price*

On and after the Redemption Date, the Corporation shall pay or cause to be paid to the applicable Holders the Redemption Price (less any tax required to be deducted and withheld by the Corporation) on presentation and surrender, at any place within Canada designated by such notice, of the certificate or certificates for such Series 1 Preferred Shares so called for redemption, if any, subject to the provisions of Section 12. Such payment shall be made by electronic funds transfer or cheque payable at par at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means the Corporation deems desirable and shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the Holders of Series 1 Preferred Shares so called for redemption to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation and remitted to the proper taxing authority) unless the cheque is not honoured when presented for payment. From and after the Redemption Date, the Series 1 Preferred Shares called for redemption shall cease to be entitled to Series 1 Dividends and the Holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, except to receive the Redemption Price therefor (less any tax required to be deducted and withheld by the Corporation), unless payment of the Redemption Price shall not be duly made by the Corporation. At any time after notice of redemption is given as provided in this Section 5, the Corporation shall have the right to deposit the Redemption Price of any or all

Series 1 Preferred Shares called for redemption (less any tax required to be deducted and withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the Holders entitled thereto, with any chartered bank or banks or with any trust company or trust companies in Canada named in the notice of redemption to the credit of a special account or accounts in trust for the respective Holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, if any, subject to the provisions of Section 12. Upon such deposit or deposits being made, such shares shall be deemed to be redeemed on the Redemption Date specified in the notice of redemption. After the Corporation has made a deposit as aforesaid with respect to any shares, the Holders thereof shall not, from and after the Redemption Date, be entitled to exercise any of the rights of shareholders in respect thereof and the rights of the Holders thereof shall be limited to receiving a proportion of the amounts so deposited applicable to such shares, without interest. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption monies that are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including monies held in deposit as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

5.5 *Purchase of Series 1 Preferred Shares by the Corporation*

To the extent permitted by applicable law, the provisions of any trust indenture governing bonds, debentures or other securities of the Corporation and the provisions of any agreement governing any credit facility established in favour of the Corporation or any subsidiary of the Corporation, the Corporation may at any time purchase for cancellation all or any number of the Series 1 Preferred Shares outstanding from time to time in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at the lowest price or prices at which in the opinion of the board of directors, of the Corporation such shares are obtainable in the open market. All Series 1 Preferred Shares purchased by the Corporation or any of its subsidiaries shall be cancelled concurrently with any such purchase and no Series 1 Preferred Shares shall be issued in substitution therefor.

6. CONVERSION OF SERIES 1 PREFERRED SHARES

6.1 *Conversion Right*

Upon and subject to the provisions and conditions of this Section 6, each Holder shall have the right, at such Holder's option, to convert a Series 1 Preferred Share, together with any or all Accrued and Unpaid Dividends, into fully-paid and non-assessable Common Shares at the Conversion Price in effect on any Date of Conversion.

6.2 *[Intentionally Deleted]*

6.3 *Manner of Exercise of Conversion Right*

- (a) A Holder desiring to convert all or any part of a Series 1 Preferred Share, together with any or all Accrued and Unpaid Dividends, into Common Shares shall surrender the certificate or certificates representing such Series 1 Preferred Share,

if any, subject to Section 12, to the Transfer Agent, together with the conversion form attached hereto as Schedule "B" or any other written notice in a form satisfactory, in either case duly executed by the Holder or his or her executors or administrators or other legal representatives or his, her or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Transfer Agent, exercising his or her right to convert such Series 1 Preferred Share together with any or all Accrued and Unpaid Dividends, in accordance with the provisions of this Section 6.3. Thereupon, subject to payment of all applicable taxes as provided hereunder and compliance with all reasonable requirements of the Transfer Agent, such Holder or his or her nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation on the Date of Conversion as the holder of the number of Common Shares into which such Series 1 Preferred Share is convertible, and, as soon as practicable thereafter, the Corporation shall (i) deliver or cause to be delivered to the Holder, or subject as aforesaid, his or her nominee(s) or assignee(s) a certificate or certificates for such Common Shares, if any, subject to Section 12; and (ii) make or cause to be made any payment to which such Holder is entitled in respect of fractional Common Shares as provided in Section 6.5.

- (b) The Common Shares issued under Section 6.3(a) shall be listed on the Toronto Stock Exchange and/or any other exchange or market on which the Common Shares are listed and/or trade, subject to obtaining any required approval of the Toronto Stock Exchange to list additional Common Shares for which approval has not previously been obtained by the Corporation and subject to obtaining any required approval of such other exchange or market. Alternatively, subject to Applicable Securities Legislation, such Holder may request, in the conversion form or by written request delivered to the Corporation not later than ten calendar days prior to the Date of Conversion, that the Corporation record or cause to be recorded, in the Book-Entry Only System in respect of the Common Shares, such Holder's interest in such shares, in which case the conversion form (or the subsequent written request) shall provide the account particulars of the Holder's CDS participant and other details necessary to record such interest in the Depository.
- (c) Any Series 1 Preferred Shares or Accrued and Unpaid Dividends so converted shall be converted effective on the Date of Conversion. From and after the Date of Conversion, a Holder of Series 1 Preferred Shares so converted shall cease to be entitled to exercise any of the rights attributable to such shares (but, for greater certainty, will continue to be entitled to receive dividends on the Series 1 Preferred Shares so converted in respect of which the ex-dividend date occurs prior to the Date of Conversion but are paid on or after the Date of Conversion), and shall become a holder of the Common Shares of record, effective on the Date of Conversion.
- (d) If less than all of the Series 1 Preferred Shares of a Holder are converted on any Date of Conversion, the Corporation shall, subject to Section 12, issue to such

Holder on the Date of Conversion a new share certificate representing the balance of the Series 1 Preferred Shares not converted.

- (e) For the purposes of this Section 6, a Series 1 Preferred Share shall be deemed to be surrendered for conversion (herein called the "**Date of Conversion**") (i) on the date on which it is so surrendered when the register of the Transfer Agent is open and in accordance with this Section 6, (ii) in the case of Series 1 Preferred Shares issued in book-entry only form, on the date on which the Transfer Agent received notice of and all necessary documentation in respect of the exercise of the conversion right in accordance with, this Section 6, and (iii) in the case of a Series 1 Preferred Share so surrendered by post or other means of transmission, on the date on which it is actually received by the Transfer Agent at its principal office in Toronto, Ontario; provided that if a Series 1 Preferred Share is surrendered for conversion on a day on which the register of Common Shares is closed, the Person or Persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened.

6.4 *Adjustment of Conversion Price*

The Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time any Series 1 Preferred Shares are outstanding the Corporation shall (i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or (iii) issue Common Shares or securities convertible into or exchangeable for Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution, the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision, dividend or distribution (including, in the case where securities convertible into or exchangeable for Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged or converted into Common Shares on such effective date or record date), or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6.4(a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (a) and (c) of this Section 6.4. To the extent that such dividend or distribution is not so

made, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Common Shares actually subdivided, redivided, reduced, combined, consolidated or, on the record date, issued upon the making of such dividend or distribution, as the case may be.

- (b) If and whenever at any time any Series 1 Preferred Shares are outstanding the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities exchangeable or convertible into Common Shares) at a price per Common Share (or having an exchange or conversion price per Common Share) less than 95% of the Current Market Price of a Common Share on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, the numerator of which shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price to be received by the Corporation for the total number of additional Common Shares offered for subscription or purchase (or the aggregate exchange or conversion price of the exchangeable or convertible securities so offered) by the Current Market Price per Common Share, and the denominator of which shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the exchangeable or convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Common Shares (or securities exchangeable or convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants, as the case may be.
- (c) If and whenever at any time any Series 1 Preferred Shares are outstanding the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares, (ii) rights, options or warrants (excluding rights, options or warrants for which an adjustment was made pursuant to Section 6.4(b)), (iii) evidences of its indebtedness, or (iv) other assets then, in each such case, the Conversion Price in effect immediately preceding the record date fixed for the distribution shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, the numerator of which shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value as

determined by the board of directors of the Corporation (including a majority of independent members thereof and subject to, as required, the prior approval of the Toronto Stock Exchange, or if the Common Shares are not listed thereon, such other exchange or market on which the Common Shares are then listed or trade) of such shares or rights, options or warrants or evidences or indebtedness or assets so distributed, and the denominator of which shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share. Such adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date. To the extent that such distribution is not so made, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be.

- (d) If and whenever at any time there is a reclassification of the Common Shares or a capital reorganization of the Corporation, other than as described in Section 6.4(a), or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other Person or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person or other entity or a liquidation, dissolution or winding-up of the Corporation or other similar transaction, any Holder who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up or other similar transaction shall, without derogating from its rights under Sections 4.2 and 5.3, upon the exercise of such right thereafter, be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the kind and amount of securities or property which the Holder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance or liquidation, dissolution, winding-up or other similar transaction, in each case if, on the effective date or record date thereof, the Holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right.
- (e) In any case in which this Section 6.4 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Holder an appropriate instrument evidencing such Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date

of Conversion or such later date as such Holder would, but for this Section 6.4(e), have become the holder of record of such additional Common Shares pursuant to Section 6.3(e).

- (f) The adjustments provided for in this Section 6.4 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 6.4, provided that, notwithstanding any other provision of this Section 6.4, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 6.4(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (g) In the event of any question arising with respect to the adjustments provided in this Section 6.4, such question shall be conclusively determined by a nationally recognized firm of chartered accountants appointed by the Corporation and acceptable to the holders of a majority of the then outstanding Series 1 Preferred Shares (who may be the auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holders absent manifest error.
- (h) In case the Corporation shall take any action affecting the Common Shares other than action described in this Section 6.4, which in the opinion of the board of directors of the Corporation (including a majority of the independent members thereof), would materially adversely affect the rights of Holders, the Conversion Price shall be adjusted in such manner and at such time, by action of such board of directors (including a majority of the independent members thereof), subject to, as required, the prior written consent of the Toronto Stock Exchange (or, if the Common Shares are not listed thereon, such other exchange or market on which the Common Shares are then listed or trade), as such board of directors (including a majority of the independent members thereof), in its sole discretion may determine to be equitable in the circumstances. Failure of such board of directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.
- (i) Subject to, as required, the prior written consent of the Toronto Stock Exchange (or, if the Common Shares are not listed thereon, such other exchange or market on which the Common Shares are then listed or trade), no adjustment in the Conversion Price shall be made in respect of any event described in Sections 6.4(a), 6.4(b) or 6.4(c) other than the events described in 6.4(a)(i) or 6.4(a)(ii), if the Holders are entitled to participate in such event on the same terms mutatis mutandis as though and with the same effect as if they had converted their Series 1 Preferred Shares prior to the effective date or record date, as the case may be, of such event.

- (j) Except as stated above in this Section 6.4, no adjustment will be made in the Conversion Price for any Series 1 Preferred Shares as a result of the issuance of Common Shares (i) at less than the Current Market Price for such Common Shares on the date of issuance or (ii) at less than the then applicable Conversion Price.

6.5 *No Requirement to Issue Fractional Common Shares*

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Series 1 Preferred Shares pursuant to this Section 6. If more than one Series 1 Preferred Share shall be surrendered for conversion at one time by the same Holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series 1 Preferred Shares to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section 6.5, be deliverable upon the conversion of any Series 1 Preferred Shares, the Corporation shall, in lieu of delivering, or causing the delivery of, any certificate representing such fractional interest, make a cash payment to the benefit of the Holder of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price provided, however, that the Corporation shall not be required to make any payment of less than the then prevailing Conversion Price.

6.6 *Cancellation of Converted Series 1 Preferred Shares*

All Series 1 Preferred Shares converted in whole or in part under the provisions of this Section 6 shall be forthwith cancelled by the Corporation and no Series 1 Preferred Share shall be issued in substitution therefor.

6.7 *Certificate as to Adjustment*

The Corporation shall from time to time immediately after it has acquired actual knowledge of the occurrence of any event which requires an adjustment or readjustment as provided in Section 6, deliver an Officer's Certificate to the Transfer Agent specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. The Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of Common Shares, forthwith give notice to the Holders in the manner provided in Section 11 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price.

6.8 *Corporation to Reserve Common Shares*

The Corporation shall at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of Series 1 Preferred Shares as provided in Section 6, and conditionally allot to Holders who may exercise their conversion rights hereunder, such number of Common Shares as shall then be issuable upon such conversion. All Common Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable. The Corporation shall take all actions and do all things reasonably necessary or desirable to enable and permit it, in accordance with applicable law, to perform its obligations

hereunder to deliver the requisite number of Common Shares to Holders upon the exercise of such conversion right.

6.9 Restrictions on Corporation

At any time after which a Holder has provided notice to the Corporation or its Transfer Agent of its intention to exercise a right of conversion as provided in this Section 6 in respect of Series 1 Preferred Shares having an initial issue price of not less than \$5,000,000, the Corporation shall not, until not earlier than the Business Day after the Date of Conversion, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction.

7. RESTRICTIONS ON DIVIDENDS AND RETIREMENT AND ISSUE OF SHARES

So long as any of the Series 1 Preferred Shares are outstanding, the Corporation shall not, without the approval of a majority of the Holders:

- (a) declare, pay or set apart for payment any dividends on any shares of the Corporation ranking as to dividends junior to the Series 1 Preferred Shares (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series 1 Preferred Shares);
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Series 1 Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Series 1 Preferred Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any other preference shares, ranking as to the payment of dividends or return of capital on a parity with the Series 1 Preferred Shares; or
- (d) issue any additional Series 1 Preferred Shares (except for the issuance of additional Series 1 Preferred Shares in exchange for Convertible Debentures pursuant to and in accordance with section 4.9 of the Convertible Secured Indenture and except as set forth in Section 3.3) or securities convertible or exchangeable therefor, or any shares or securities convertible or exchangeable therefor ranking as to the payment of dividends or the return of capital prior to or on a parity with the Series 1 Preferred Shares;

unless, in the case of clauses (a), (b) and (c), any or all Accrued and Unpaid Dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series 1 Preferred Shares and on all other shares of the Corporation ranking prior to or on a parity with the Series 1 Preferred Shares with respect to the payment of dividends have been

declared and paid or set apart for payment. Notwithstanding the above, (i) the Corporation shall not effect any redemption, purchase, pay off, retirement or return of capital in respect of any preference shares, ranking as to the payment of dividends or return of capital on a parity with the Series 1 Preferred Shares, unless the Series 1 Preferred Shares are redeemed, purchased, paid off, retired or receive a return of capital on a pro rata basis with such other preferred shares, (ii) the Corporation shall not declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series 1 Preferred Shares) on any shares of the Corporation ranking as to dividends junior to the Series 1 Preferred Shares, unless all Accrued and Unpaid Dividends have been paid in cash on each of the eight Dividend Payment Dates immediately preceding the date such dividend is declared, paid or set apart for payment.

8. MODIFICATIONS

The provisions attaching to the Series 1 Preferred Shares as a series may be repealed, altered, modified or amended from time to time with such approval as may then be required by the *Business Corporations Act* (Ontario), any such approval to be given in accordance with Section 9.

9. APPROVAL OF HOLDERS OF SERIES 1 PREFERRED SHARES

9.1 *Approval*

Except as otherwise provided herein, any approval of the Holders with respect to any matters requiring the consent of the Holders as a series may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all the Holders or passed by the affirmative vote of at least 66 2/3% of the votes cast by the Holders who voted in respect of that resolution at a meeting of the Holders duly called for that purpose and at which the Holders of a majority of the outstanding Series 1 Preferred Shares are present or represented by proxy. If at any such meeting the Holder(s) of a majority of the outstanding Series 1 Preferred Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the Holders(s) represented in person or by proxy may transact the business for which the meeting was originally called and the Holders represented in person or by proxy shall form the necessary quorum. At any meeting of Holders as a Series, each Holder shall be entitled to one vote in respect of each Series 1 Preferred Share held by such Holder. Notwithstanding any other provision of the articles of the Corporation, the Holders shall be entitled to vote separately as a series on any matter upon which the holders of preferred shares of the Corporation are entitled to vote, including pursuant to section 170(1) of the *Business Corporations Act* (Ontario), upon a proposal to amend the articles of the Corporation in the case of an amendment of the kind referred to in paragraphs (a), (b) and (c) of such subsection.

9.2 *Waiver*

Any of the rights, powers, preferences and other terms of the Series 1 Preferred Shares set forth herein may be waived to the extent permitted by law on behalf of all Holders by affirmative written consent or vote of the holders of a majority of the outstanding Series 1 Preferred Shares.

10. FORMALITIES, ETC.

The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of Holders shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders or, if not so prescribed, as required by law. On every poll taken at every meeting of Holders, each Holder entitled to vote thereat shall be entitled to one vote in respect of each Series 1 Preferred Share held.

11. COMMUNICATIONS WITH HOLDERS

Except as specifically provided elsewhere in these Series 1 Preferred Share provisions, any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, or courier to each Holder at the last address of such Holder as it appears on the securities register of the Corporation or, in the case of joint Holders, to the address of the Holder whose name appears first in the securities register of the Corporation as one of such joint Holders, or, in the event of the address of any of such Holders not so appearing, then to the last address of such Holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more Holders shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such Holder or Holders.

If the Board of Directors determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a Holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by Electronic Delivery or by means of publication thereof once in each of two successive weeks in a daily English language newspaper of general circulation published in each of Calgary and Toronto and such notice shall be deemed to have been validly given on the day next succeeding its publication in all of such cities; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such Holder by the Transfer Agent at its principal offices in the cities of Calgary and Toronto, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon

as the Board of Directors determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofore delivered to such Holder, shall be sent by mail as herein provided. In the event that the Corporation is required to mail such cheque or share certificate, such mailing shall be made by prepaid mail to the registered address of each person who at the date of mailing is a registered Holder and who is entitled to receive such cheque or share certificate.

12. BOOK-ENTRY ONLY SYSTEM

12.1 *Transfers etc. Through Participants*

If the Series 1 Preferred Shares are held through the Book-Entry Only System, then the beneficial owner thereof shall provide instructions with respect to Series 1 Preferred Shares only to the Depository participant through whom such beneficial owner holds such Series 1 Preferred Shares or otherwise through the Depository's system and registrations of ownership, transfers, purchases, surrenders, conversions and exchanges of Series 1 Preferred Shares will be made only through the Book-Entry Only System. Beneficial owners of Series 1 Preferred Shares will not have the right to receive share certificates representing their ownership of the Series 1 Preferred Shares.

12.2 *Depository is Registered Holder*

For the purposes of these Series 1 Preferred Share provisions, as long as the Depository, or its nominee, is the registered Holder of the Series 1 Preferred Shares, the Depository, or its nominee, as the case may be, will be considered the sole Holder of the Series 1 Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series 1 Preferred Shares, including payments of Series 1 Dividends, the Redemption Price or Accrued and Unpaid Dividends on the Series 1 Preferred Shares, and the delivery of Series 1 Preferred Shares and certificates for those shares on the conversion into Common Shares.

13. ELECTIONS UNDER THE INCOME TAX ACT (CANADA)

If any tax is payable under Part VI.1 of the Tax Act by the Corporation in respect of dividends on the Series 1 Preferred Shares, the Corporation will elect, in the manner and within the time provided under the Income Tax Act (Canada) (the "**Tax Act**"), under Subsection 191.2(1) of Part VI.1 of the Tax Act (or any successor or replacement provision of similar effect), and take all other necessary action under the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate Holders will not be required to pay tax on dividends received on the Series 1 Preferred Shares under Section 187.2 of Part IV.1 of the Tax Act (or any successor or replacement provision of similar effect).

SCHEDULE "A"

NOTICE OF EXERCISE OF RETRACTION RIGHT

TO: AST TRUST COMPANY, CANADA
 AND TO: CLEARSTREAM ENERGY SERVICES INC.

Reference is made to the Articles of Amendment of ClearStream Energy Services Inc. (the "**Corporation**") that became effective on [●] (the "**Articles**"). Capitalized terms used on this Notice but not otherwise defined herein have the meaning ascribed to such terms in the Articles.

The undersigned holder (the "**Holder**") of Series 1 Cumulative Redeemable Convertible Preferred Shares ("**Series 1 Preferred Shares**") of the Corporation hereby requests in accordance with Section 5.3 of the Articles, that _____ [insert number of Series 1 Preferred Shares] Series 1 Preferred Shares (the "**Retracted Shares**") be redeemed by the Corporation on the redemption date determined in accordance with the Articles (the "**Redemption Date**") upon payment by the Corporation of a redemption amount determined in accordance with the Articles being equal to the aggregate of (i) \$1000 per Series 1 Preferred Share plus (ii) any Accrued and Unpaid Dividends up to but excluding the Redemption Date, less any tax required to be deducted and withheld by the Corporation (the "**Total Redemption Price**").

Subject to the provisions of Section 12 of the Articles, the Total Redemption Price will be payable by the Corporation upon presentation and surrender of the certificate or certificates representing the Retracted Shares at the following corporate trust office:

AST Trust Company (Canada),
 P.O. Box 4202, Station A,
 Toronto, ON M5V 2V6

If such certificate or certificates represent a number of Series 1 Preferred Shares which is greater than the number of Retracted Shares, the Holder requests the issuance of a new certificate for the balance of the Series 1 Preferred Shares not to be redeemed. Such replacement certificate is to be issued and registered in the name of the undersigned and forwarded to the undersigned at the address specified below or if no address is specified below then to the address of the undersigned appearing on the records of the Corporation.

The Holder hereby represents and warrants to the Corporation that the Holder has good title to, and owns, the Retracted Shares free and clear of all liens, claims and encumbrances and that no other party has any interest in or right to acquire such Retracted Shares.

[Remainder of the page intentionally left blank. Signature page follows]

DATED: _____, 201●.

(Name of Holder -please print)

(Signature of Holder)

(Address in full)

SCHEDULE "B"

NOTICE OF EXERCISE OF CONVERSION RIGHT

TO: AST TRUST COMPANY, CANADA
AND TO: CLEARSTREAM ENERGY SERVICES INC.

Reference is made to the Articles of Amendment of ClearStream Energy Services Inc. (the "**Corporation**") that became effective on [●] (the "**Articles**"). Capitalized terms used on this Notice but not otherwise defined herein have the meaning ascribed to such terms in the Articles.

The undersigned holder (the "**Holder**") of Series 1 Cumulative Redeemable Convertible Preferred Shares ("**Series 1 Preferred Shares**") of the Corporation hereby elects in accordance with Section 6.3 of the Articles, to convert _____ [insert number of Series 1 Preferred Shares] Series 1 Preferred Shares for Common Shares of the Corporation in accordance with the Articles on the date determined pursuant to Section 6.3(e) of the Articles.

Subject to the provisions of Section 12 of the Articles, the undersigned tenders herewith the certificate or certificates representing such Series 1 Preferred Shares at the following corporate trust office:

AST Trust Company (Canada),
P.O. Box 4202, Station A,
Toronto, ON M5V 2V6

If such certificate or certificates represent a number of Series 1 Preferred Shares which is greater than the number of Series 1 Preferred Shares the Holder wishes to convert, the Holder requests the issuance of a new certificate for the balance of the Series 1 Preferred Shares not to be converted. Such replacement certificate is to be issued and registered in the name of the undersigned and forwarded to the undersigned at the address specified below or if no address is specified below then to the address of the undersigned appearing on the records of the Corporation.

The Holder hereby represents and warrants to the Corporation that the Holder has good title to, and owns, the Series 1 Preferred Shares free and clear of all liens, claims and encumbrances and that no other party has any interest in or right to acquire such Series 1 Preferred Shares.

[Remainder of the page intentionally left blank. Signature page follows]

DATED: _____, 201●.

(Name of Holder -please print)

(Signature of Holder)

(Address in full)

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2017/12/27

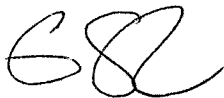
(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

CLEARSTREAM ENERGY SERVICES INC.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :



(Signature)
(Signature)

GARY SUMMACH, CFO

(Description of Office)
(Fonction)