

CORPORATE ACCESS NUMBER: 2011734684

**Government
of Alberta ■**

BUSINESS CORPORATIONS ACT

**CERTIFICATE
OF
AMENDMENT**

BIRCHCLIFF ENERGY LTD.
AMENDED ITS ARTICLES TO CREATE SHARES IN SERIES ON 2013/06/13.





Articles of Amendment

Business Corporations Act (Alberta)
Section 29 or 177

1. NAME OF CORPORATION: BIRCHCLIFF ENERGY LTD.	2. CORPORATE ACCESS NUMBER: 2011734684
---	---

3. THE ARTICLES OF THE ABOVE-NAMED CORPORATION ARE AMENDED AS FOLLOWS:

Pursuant to section 29 of the *Business Corporations Act*, R.S. A. 2000, C. B-9, the Articles of the Corporation are amended to designate a series of 2,000,000 preferred shares as Cumulative Redeemable Preferred Shares, Series C, having the rights, privileges, restrictions and conditions set forth in Schedule "A" attached hereto.



Signature

James W. Surbey
Name of Person Authorizing

June 13, 2013
Date

Vice-President, Corporate Development and
Corporate Secretary
Title

SCHEDULE "A"

Attached to and forming part of the
Articles of Amendment of

BIRCHCLIFF ENERGY LTD.

(the "Corporation")

1. The series of 2,000,000 preferred shares of the Corporation designated as Cumulative Redeemable Preferred Shares, Series C (the "Preferred Shares, Series C") have, in addition to the rights, privileges, restrictions and conditions attaching to the preferred shares as a class, the rights, privileges, restrictions and conditions set forth below:

1.1 Interpretation

- (a) In these rights, privileges, restrictions and conditions attaching to the Preferred Shares, Series C, the following expressions have the meanings indicated:

- (i) "ABCA" means the Business Corporations Act (Alberta), as may be amended from time to time;
- (ii) "Board of Directors" means the board of directors of the Corporation;
- (iii) "Book-Based System" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
- (iv) "Book-Entry Holder" means the person that is the beneficial holder of a Book-Entry Share;
- (v) "Book-Entry Shares" means the Preferred Shares, Series C held through the Book-Based System;
- (vi) "Business Day" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
- (vii) "CDS" means CDS Clearing and Depository Services Inc. or any successor thereof;
- (viii) "Common Shares" means the common shares of the Corporation;
- (ix) "Current Market Price" means the weighted average trading price of the Common Shares on the Exchange for the Trading Period;
- (x) "Definitive Share" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Preferred Shares, Series C;
- (xi) "Dividend Payment Date" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the

next succeeding Business Day;

- (xii) "Exchange" means: (i) the TSX, so long as the Common Shares are listed and posted for trading on the TSX; or (ii) in the event the Common Shares are not listed and posted for trading on the TSX, the exchange or trading system with the highest volume of Common Shares traded during the Trading Period;
- (xiii) "Global Certificate" means the global certificate representing outstanding Book-Entry Shares;
- (xiv) "Holder's Redemption Price" has the meaning ascribed to such term in subsection 1.5(a);
- (xv) "Liquidation" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (xvi) "Notice of Redemption" has the meaning ascribed to such term in subsection 1.5(b);
- (xvii) "Participants" means the participants in the Book-Based System;
- (xviii) "Preferred Shares" means the preferred shares of the Corporation;
- (xix) "Pro Rated Dividend" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, redemption or conversion is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, redemption or conversion to, but excluding, such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
- (xx) "Quarter" means a three-month period ending on a Dividend Payment Date;
- (xxi) "Redemption Amount" has the meaning ascribed to such term in subsection 1.4(b);
- (xxii) "Redemption Price" has the meaning ascribed to such term in subsection 1.4(b);
- (xxiii) "System Operator" means CDS or its nominee or any successor thereof;
- (xxiv) "Tax Act" means the Income Tax Act (Canada), as may be amended from time to time;
- (xxv) "Trading Period" means a period of 20 consecutive trading days ending on the fourth day prior to the date specified for conversion, or, if that fourth day is not a trading day, on the immediately preceding trading day;

(xxvi) "Transfer Agent" means the transfer agent and registrar for the Preferred Shares, Series C; and

(xxvii) "TSX" means the Toronto Stock Exchange.

- (b) The expressions "on parity with", "ranking prior to", "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any action required to be taken by the Corporation is not a Business Day, then such action may be taken on or by the next succeeding day that is a Business Day.

1.2 Dividends

- (a) The holders of the Preferred Shares, Series C shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors out of moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$1.75 per share, payable quarterly in the amount of \$0.4375 per share on each Dividend Payment Date in each year. The first dividend, if declared, shall be payable on September 30, 2013, and, notwithstanding the foregoing, based on a June 14, 2013 issue date of the Preferred Shares, Series C, shall be in the amount of \$0.5190 per share.
- (b) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (c) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Preferred Shares, Series C then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to make the payment of the dividend.
- (d) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.
- (e) The holders of the Preferred Shares, Series C shall not be entitled to any dividend other than as specified in this section 1.2.

1.3 Purchase for Cancellation

Subject to the requirements of applicable law, any requisite regulatory approvals and the provisions of section 1.10, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any number of the

Preferred Shares, Series C outstanding from time to time:

- (a) through the facilities of any stock exchange on which the Preferred Shares, Series C are listed;
- (b) by invitation for tenders addressed to all the holders of record of the Preferred Shares, Series C outstanding; or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this section 1.3 more Preferred Shares, Series C are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Preferred Shares, Series C so tendered by each of the holders of Preferred Shares, Series C who submit tenders at that price. From and after the date of purchase of any Preferred Shares, Series C under the provisions of this section 1.3, the shares so purchased shall be restored to the status of authorized but unissued shares.

1.4 Redemption by the Corporation

- (a) The Preferred Shares, Series C shall not be redeemable by the Corporation prior to June 30, 2018. On and after June 30, 2018, subject to the provisions of the ABCA and section 1.10 hereof, the Corporation may, at its option, upon giving notice as herein provided, redeem at any time all or any number of the outstanding Preferred Shares, Series C on the payment of the Redemption Price as provided in subsection 1.4(b).
- (b) The redemption price per share at which any Preferred Shares, Series C are redeemable shall be:
 - (i) \$25.75 if redeemed on or after June 30, 2018 and prior to June 30, 2019;
 - (ii) \$25.50 if redeemed on or after June 30, 2019 and prior to June 30, 2020; and
 - (iii) \$25.00 if redeemed on or after June 30, 2020;(the "Redemption Amount") in each case together with an amount equal to all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (the whole constituting and being referred to herein as the "Redemption Price").

For the purposes of subsection 191(4) of the Tax Act or any successor or replacement provision of similar effect, the amount specified in respect of each Preferred Share, Series C is \$25.00.

In any case of redemption of Preferred Shares, Series C under the provisions of this section 1.4, the Corporation shall, not less than 30 days and not more

than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Preferred Shares, Series C to be redeemed a written notice of the intention of the Corporation to redeem such Preferred Shares, Series C. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the date on which redemption is to take place and, if only a part of the Preferred Shares, Series C held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares, Series C to be redeemed the Redemption Price on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Preferred Shares, Series C called for redemption, subject to the provisions of section 1.15. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Preferred Shares, Series C shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If only a part of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Preferred Shares, Series C called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Preferred Shares, Series C, to deposit the Redemption Price of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Preferred Shares, Series C called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Preferred Shares, Series C in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total Redemption Price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such

deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the Unclaimed Personal Property and Vested Property Act (Alberta).

- (c) Subject to such provisions of the ABCA as may be applicable, if less than all of the then outstanding Preferred Shares, Series C are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the Transfer Agent shall decide, or, if the Board of Directors so decides, such shares may be redeemed pro rata (disregarding fractions).

1.5 Redemption by the Holder

- (a) The Preferred Shares, Series C shall not be redeemable by the holders thereof prior to June 30, 2020. On and after June 30, 2020, subject to the provisions of the ABCA and section 1.10 hereof, a holder of Preferred Shares, Series C may, at its option, upon giving notice as herein provided, redeem for cash (subject to subsection 1.5(c) hereof), all or any number of Preferred Shares, Series C held by such holder on the last day of a Quarter at \$25.00 per share, together with all accrued and unpaid dividends to but excluding the date fixed for redemption (the "Holder's Redemption Price").
- (b) The redemption right of a holder under the provisions of this section 1.5 may be exercised by a holder of Preferred Shares, Series C by notice in writing, in a form satisfactory to the Corporation (the "Notice of Redemption"), which notice must be received, together with the share certificate(s) for the Preferred Shares, Series C to be redeemed, by the Transfer Agent, on behalf of the Corporation, at its principal office in Toronto or Calgary at least 30 days prior to the date fixed for redemption. Once received by the Transfer Agent on behalf of the Corporation, the Notice of Redemption is irrevocable. The Notice of Redemption shall set out the date on which redemption is to take place and the number of Preferred Shares, Series C held by the holder to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holder of the Preferred Shares, Series C to be redeemed the Holder's Redemption Price on presentation and surrender at the principal office of the Transfer Agent in Toronto or Calgary of the certificates for the Preferred Shares, Series C to be redeemed, subject to the provisions of section 1.15. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Preferred Shares, Series C shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If only a part of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in the Notice of Redemption, the Preferred Shares, Series C to be redeemed shall cease to be entitled to dividends and the holder shall not be entitled to exercise any of the rights of a holder in respect thereof unless payment of the Holder's Redemption Price shall not be made upon presentation of

certificates in accordance with the foregoing provisions, in which case the rights of the holder shall remain unaffected.

- (c) Upon receipt of the Notice of Redemption, the Corporation may, at its option (subject, if required, to stock exchange approval), upon not less than 20 days prior written notice, elect to convert all such Preferred Shares, Series C into Common Shares. The number of Common Shares into which each Preferred Share, Series C may be so converted will be determined by dividing the amount of \$25.00, together with all accrued and unpaid dividends to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the Current Market Price. In the event the Corporation elects to exercise its right to convert Preferred Shares, Series C into Common Shares pursuant to the provisions of this subsection 1.5(c), the Corporation shall give notice to the holder in the manner set forth in subsection 1.6(b) and the provisions of subsections 1.6(b) and (d) shall apply mutatis mutandis.

1.6 Conversion into Common Shares

- (a) The Preferred Shares, Series C shall not be convertible at the option of the Corporation prior to June 30, 2018. On and after June 30, 2018, the Corporation may, at its option (subject, if required, to stock exchange approval), upon giving notice as herein provided, at any time convert all or any number of the outstanding Preferred Shares, Series C into fully paid and non-assessable Common Shares. The number of Common Shares into which each Preferred Share, Series C may be so converted shall be determined by dividing the then applicable Redemption Amount, together with all accrued and unpaid dividends to but excluding the date fixed for conversion, by the greater of \$2.00 and 95% of the Current Market Price.
- (b) In any case of conversion of Preferred Shares, Series C under the provisions of this section 1.6, the Corporation shall, at least 30 days and not more than 60 days before the date specified for conversion, mail to each person who at the date of mailing is a registered holder of Preferred Shares, Series C to be converted a written notice of the intention of the Corporation to convert such Preferred Shares, Series C. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such conversion. Such notice shall set out the date on which conversion is to take place and, if only a part of the Preferred Shares, Series C held by the person to whom it is addressed is to be converted, the number so to be converted.

On the date fixed for conversion, the Preferred Shares, Series C which are the subject of any such notice shall be converted into whole fully paid and non-assessable Common Shares. Subject to section 1.15, as promptly as practicable after the date fixed for conversion, the Corporation shall issue and deliver or cause to be

delivered a certificate or certificates representing the Common Shares registered in the name of the holders of the Preferred Shares, Series C to be converted, on presentation and surrender at the principal office in Toronto or Calgary of the Transfer Agent or any other place designated in such notice of the certificate or certificates for the Preferred Shares, Series C to be so converted. If only a part of such Preferred Shares, Series C represented by any certificate shall be converted, a new certificate for the unconverted balance of the Preferred Shares, Series C shall be issued at the expense of the Corporation. Fractional Common Shares will not be issued on any conversion of Preferred Shares, Series C. A holder of a Preferred Share, Series C otherwise entitled to a fractional Common Share will receive a cash payment equal to the fraction of the Common Share multiplied by the greater of \$2.00 and 95% of the Current Market Price. Any payment in respect of a fractional Common Share shall be made by cheque payable to the registered holder as at the date fixed for conversion of the Preferred Shares, Series C so converted. The Corporation shall deliver or cause to be delivered such cheque with the certificate or certificates for the Common Shares deliverable in accordance with the foregoing. From and after the date specified in any such notice, the Preferred Shares, Series C converted into Common Shares shall be deemed to be converted into Common Shares and the Preferred Shares, Series C so converted shall cease to be outstanding and shall be restored to the status of authorized but unissued shares and the holders thereof shall cease to be entitled to dividends on the Preferred Shares, Series C and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation shall fail, subject to section 1.15, to deliver to the holders of the Preferred Shares, Series C to be converted share certificates representing the Common Shares into which such shares have been converted and any payment to which such holders are entitled, in which case the rights of the holders shall remain unaffected.

- (c) If less than all of the then outstanding Preferred Shares, Series C are at any time to be converted, the shares so to be converted shall be selected by lot in such manner as the Board of Directors or the Transfer Agent shall decide, or, if the Board of Directors so decides, such shares may be redeemed pro rata (disregarding fractions).
- (d) The Corporation reserves the right not to deliver Common Shares to any person that the Corporation or the Transfer Agent has reason to believe is a person whose address is in, or that the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities or other laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Common Shares, and the Corporation shall attempt to sell such Common Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Common

Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Common Shares shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

1.7 Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Preferred Shares, Series C shall be entitled to receive \$25.00 per Preferred Share, Series C plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a pro rata basis for the period from and including the last Dividend Payment Date on which dividends on the Preferred Shares, Series C have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Preferred Shares, Series C in any respect. After payment to the holders of the Preferred Shares, Series C of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

1.8 Voting Rights

The holders of Preferred Shares, Series C are not entitled (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of the holders of Preferred Shares, Series C as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay dividends for four (4) consecutive Quarters on the Preferred Shares, Series C. In the event of such failure to make payments of dividends, holders of Preferred Shares, Series C shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation (other than separate meetings of holders of another class or series of shares), and such holders of Preferred Shares, Series C shall have the right, at any such meeting, to one vote in respect of each Preferred Share, Series C held with respect to the resolutions being voted on until all arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this section 1.8.

1.9 Restrictions on Partial Redemption or Purchase

So long as any of the Preferred Shares, Series C are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Preferred Shares, Series C and all other preferred shares then outstanding ranking prior to or on parity with the Preferred Shares, Series C with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

1.10 Restrictions on Payment of Dividends and Reduction of Capital

So long as any of the Preferred Shares, Series C are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Preferred Shares, Series C) on the Common Shares or any other shares of the Corporation ranking junior to the Preferred Shares, Series C with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Preferred Shares, Series C with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Preferred Shares, Series C and on all other preferred shares ranking prior to or on parity with the Preferred Shares, Series C with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subsections 1.10(a) and (b).

1.11 Creation or Issue of Additional Shares

So long as any Preferred Shares, Series C are outstanding, the Corporation shall not create or issue any shares ranking prior to or on parity with the Preferred Shares, Series C with respect to repayment of capital or payment of dividends without the prior approval of the holders of the Preferred Shares, Series C given as specified in section 1.12, nor shall the number of Preferred Shares, Series C be increased without such approval; provided, however, that nothing in this paragraph 1.11 shall prevent the Corporation from creating additional series of Preferred Shares and, if all dividends then payable on the Preferred Shares, Series C shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

1.12 Sanction by Holders of Preferred Shares, Series C

The approval of the holders of the Preferred Shares, Series C with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Preferred Shares, Series C outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Preferred Shares, Series C duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Preferred Shares, Series C then outstanding are present in person or represented by proxy; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Preferred Shares, Series C then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Preferred Shares, Series C present in person or so represented by proxy, whether or not they hold a majority of all Preferred Shares, Series C then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-

thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Preferred Shares, Series C. Notice of any such original meeting of the holders of the Preferred Shares, Series C shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Preferred Shares, Series C present in person or represented by proxy shall be entitled to one vote for each of the Preferred Shares, Series C held by such holder.

1.13 Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the Tax Act or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary under such Act, such that no holder of Preferred Shares, Series C shall be required to pay tax on dividends received on the Preferred Shares, Series C under section 187.2 of the Tax Act or any successor or replacement provision of similar effect.

1.14 Withholding Tax

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Preferred Shares, Series C pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this section 1.14. Holders of Preferred Shares, Series C shall be responsible for all withholding taxes under Part XIII of the Tax Act, or any successor replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions and shall indemnify and hold harmless the Corporation on an after-tax

basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions.

1.15 Book-Based System

- (a) Subject to the provisions of subsections 1.15(b) and (c) and notwithstanding the provisions of sections 1.1 through 1.14 of these share provisions, the Preferred Shares, Series C shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Preferred Shares, Series C issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants and registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Preferred Shares, Series C shall be made only through the Book-Based System. Accordingly, subject to subsection 1.15(c), no beneficial holder of Preferred Shares, Series C shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of sections 1.1 through 1.14, so long as the System Operator is the registered holder of the Preferred Shares, Series C:
- (i) the System Operator shall be considered the sole owner of the Preferred Shares, Series C for the purposes of receiving notices or payments on or in respect of the Preferred Shares, Series C or the delivery of Common Shares and certificates therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Preferred Shares, Series C, the Redemption Price, the Holder's Redemption Price or certificates for Common Shares, as applicable, against delivery to the Corporation's account with the System Operator of such holders' Preferred Shares, Series C.
- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Preferred Shares, Series C from the Book-Based System, then subparagraphs (a) and (b) of this section shall no longer be applicable to the Preferred Shares, Series C and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate to the Transfer Agent accompanied by registration instructions for re-

registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

- (d) The provisions of sections 1.1 through 1.14 and the exercise of rights of redemption and conversion with respect to Preferred Shares, Series C are subject to the provisions of this section 1.15, and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this section 1.15 shall prevail.

1.16 Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Preferred Shares, Series C, the Corporation may, at its option, make any payment due to registered holders of Preferred Shares, Series C by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Preferred Shares, Series C at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Preferred Shares, Series C provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Preferred Shares, Series C prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

1.17 Amendments

The provisions attaching to the Preferred Shares, Series C may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the ABCA with any such approval to be given in accordance with section 1.12 and with any required approvals of any stock exchanges on which the Preferred Shares, Series C may be listed.

Name/Structure Change Alberta Corporation - Registration Statement

Alberta Amendment Date: 2013/06/13

Service Request Number: 19850193

Corporate Access Number: 2011734684

Legal Entity Name: BIRCHCLIFF ENERGY LTD.

French Equivalent Name:

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

New Legal Entity Name: BIRCHCLIFF ENERGY LTD.

New French Equivalent Name:

Nuans Number:

Nuans Date:

French Nuans Number:

French Nuans Date:

Share Structure: REFER TO "SHARE STRUCTURE" ATTACHMENT

Share Transfers Restrictions: THERE SHALL BE NO RESTRICTIONS ON SHARE TRANSFERS

Number of Directors:

Min Number Of Directors: 1

Max Number Of Directors: 11

Business Restricted To: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON

Business Restricted From: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON

Other Provisions: REFER TO "OTHER PROVISIONS" ATTACHMENT

BCA Section/Subsection:

Professional Endorsement Provided:

Future Dating Required:

Annual Return

File Year	Date Filed
2013	2013/04/25
2012	2012/08/13
2011	2011/04/21

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2005/05/31
Articles/Plan of Arrangement/Court Order	10000603000534229	2005/05/31

Other Rules or Provisions	ELECTRONIC	2005/05/31
Shares in Series	ELECTRONIC	2012/08/03
Shares in Series	ELECTRONIC	2013/06/13

Registration Authorized By: ROBYN BOURGEOIS
SOLICITOR

CORPORATE ACCESS NUMBER: 2011734684

**Government
of Alberta ■**

BUSINESS CORPORATIONS ACT

**CERTIFICATE
OF
AMENDMENT**

**BIRCHCLIFF ENERGY LTD.
AMENDED ITS ARTICLES TO CREATE SHARES IN SERIES ON 2012/08/03.**



ALBERTA
REGISTRIES

ARTICLES OF AMENDMENT

1. NAME OF CORPORATION:

BIRCHCLIFF ENERGY LTD.

2. CORPORATE ACCESS NO.:

2011734684

3. THE ARTICLES OF THE ABOVE-NAMED CORPORATION ARE AMENDED AS FOLLOWS:

Pursuant to subsection 29(5) of the *Business Corporations Act*, R.S. A. 2000, C. B-9, the Articles of the Corporation be and are hereby amended by creating the following:

- (a) Cumulative Redeemable Preferred Shares, Series A, as set out in Schedule "A" hereto; and
- (b) Cumulative Redeemable Preferred Shares, Series B, as set out in Schedule "B" hereto.



DATE	SIGNATURE	TITLE
August <u>3</u> , 2012	 Bruno P. Geremia	Vice President and Chief Financial Officer

SCHEDULE "A"

Attached to and forming part of the
Articles of Amendment of

BIRCHCLIFF ENERGY LTD.
(the "Corporation")

1. 2,000,000 Series A Preferred Shares of the Corporation, designated as cumulative redeemable preferred shares, series A (the "Series A Preferred Shares"). In addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series A Preferred Shares shall be as follows:

1.1. Interpretation

(a) In these Series A Preferred Share provisions, the following expressions have the meanings indicated:

(i) "Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 6.83%;

(ii) "Board of Directors" means the board of directors of the Corporation;

(iii) "Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the GCAN5YR<INDEX> page on that service or its successor service) for purposes of displaying Government of Canada bond yields;

(iv) "Book-Based System" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;

(v) "Book-Entry Holder" means the person that is the beneficial holder of a Book-Entry Share;

(vi) "Book-Entry Shares" means the Series A Preferred Shares held through the Book-Based System;

(vii) "Business Day" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;

(viii) "CDS" means CDS Clearing and Depository Services Inc. or any successor thereof;

(ix) "Common Shares" means the common shares of the Corporation;

(x) "Definitive Share" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series A Preferred Shares;

(xi) "Dividend Payment Date" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;

(xii) "Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period;

(xiii) "Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 6.83%;

(xiv) "Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;

(xv) "Global Certificate" means the global certificate representing outstanding Book-Entry Shares;

(xvi) "Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided

that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;

(xvii) "Initial Fixed Rate Period" means the period from and including the date of issue of the Series A Preferred Shares to, but excluding, September 30, 2017;

(xviii) "Liquidation" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;

(xix) "Participants" means the participants in the Book-Based System;

(xx) "Preferred Shares" means the preferred shares of the Corporation;

(xxi) "Pro Rated Dividend" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to, but excluding, such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;

(xxii) "Quarter" means a three-month period ending on a Dividend Payment Date;

(xxiii) "Quarterly Commencement Date" means the last day of March, June, September and December in each year, commencing September 30, 2016;

(xxiv) "Quarterly Floating Rate Period" means the period from and including a

Quarterly Commencement Date to, but excluding, the next succeeding Quarterly Commencement Date;

(xxv) "Series A Conversion Date" means September 30, 2017, and September 30 in every fifth year thereafter;

(xxvi) "Series B Preferred Shares" means the cumulative redeemable preferred shares, series B of the Corporation;

(xxvii) "Subsequent Fixed Rate Period" means, for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2017, to but excluding, September 30, 2022, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding September 30 in the fifth year thereafter;

(xxviii) "System Operator" means CDS or its nominee or any successor thereof; and

(xxix) "T-Bill Rate" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills using the three-month average results, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date, as posted on the Reuters page BOC BILL.

(b) The expressions "on parity with", "ranking prior to", "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.

(c) If any day on which any dividend on the Series A Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

1.2. Dividends

(a) During the Initial Fixed Rate Period, the holders of the Series A Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable

to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$2.00 per share, payable quarterly on each Dividend Payment Date in each year. The first dividend, if declared, shall be payable on October 1, 2012, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$2.00 by the number of days in the period from and including the date of issue of the Series A Preferred Shares to but excluding September 30, 2012, and dividing that product by 366.

(b) During each Subsequent Fixed Rate Period, the holders of the Series A Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00.

(c) On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series A Preferred Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series A Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series A Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.

(d) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.

(e) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series A Preferred Shares then outstanding, such

dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.

(f) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

(g) The holders of the Series A Preferred Shares shall not be entitled to any dividend other than as specified in this section 1.2.

1.3. Purchase for Cancellation

Subject to the provisions of section 1.5 and section 1.9 and subject to such provisions of the Business Corporations Act (Alberta) as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series A Preferred Shares outstanding from time to time:

(a) through the facilities of any stock exchange on which the Series A Preferred Shares are listed,

(b) by invitation for tenders addressed to all the holders of record of the Series A Preferred Shares outstanding, or

(c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this section 1.3 more Series A Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series A Preferred Shares so tendered by each of the holders of Series A Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series A Preferred Shares under the provisions of this section 1.3, the shares so purchased shall be restored to the status of authorized but unissued shares.

1.4. Redemption

(a) The Series A Preferred Shares shall not be

redeemable prior to September 30, 2017. Subject to the provisions of section 1.9, on September 30, 2017, and on September 30 in every fifth year thereafter, the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series A Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 (such amount being the "redemption amount") plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (the whole constituting the "cash redemption price"). For the purposes of subsection 191(4) of the Income Tax Act (Canada) or any successor or replacement provision of similar effect, the amount specified in respect of each Series A Preferred Share is \$25.00.

(b) In any case of redemption of Series A Preferred Shares under the provisions of this section 1.4, the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series A Preferred Shares to be redeemed a written notice of the intention of the Corporation to redeem such Series A Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series A Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series A Preferred Shares to be redeemed the cash redemption price on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series A Preferred Shares called for redemption, subject to the provisions of section 1.14. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series A Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series A Preferred Shares called for redemption shall cease to be entitled to dividends and the

holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series A Preferred Shares, to deposit the cash redemption price of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series A Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series A Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the Unclaimed Personal Property and Vested Property Act (Alberta). Subject to such provisions of the Business Corporations Act (Alberta) as may be applicable, if less than all of the then outstanding Series A Preferred Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or if the Board of Directors so decides, such shares may be redeemed pro rata (disregarding fractions).

1.5. Conversion into Series B Preferred Shares

(a) The Series A Preferred Shares shall not be convertible prior to September 30, 2017. Holders of Series A Preferred Shares shall have the right to convert on each Series A Conversion Date, subject to the provisions hereof, all or any of their Series A Preferred Shares into Series B Preferred Shares on the basis of one Series B Preferred

Share for each Series A Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series A Conversion Date, give notice in writing in accordance with the provisions of subsection 1.2(c) to the then registered holders of the Series A Preferred Shares of the conversion right provided for in this section 1.5, which notice shall set out the Series A Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to each Series A Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series A Preferred Shares of the Annual Fixed Dividend Rate for the Series A Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series B Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subsection 1.2(c).

(b) If the Corporation gives notice as provided in section 1.4 to the holders of the Series A Preferred Shares of the redemption of all of the Series A Preferred Shares, then the right of a holder of Series A Preferred Shares to convert such Series A Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subsection 1.5(a).

(c) Holders of Series A Preferred Shares shall not be entitled to convert their shares into Series B Preferred Shares if the Corporation determines that there would remain outstanding on a Series A Conversion Date less than 250,000 Series B Preferred Shares, after having taken into account all Series A Preferred Shares tendered for conversion into Series B Preferred Shares and all Series B Preferred Shares tendered for conversion into Series A Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subsection 1.2(c) to all affected registered holders of the Series A Preferred Shares at least seven days prior to the applicable Series A Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series A Conversion Date, at the expense of the Corporation, to such holders of Series A Preferred Shares who have surrendered for conversion any certificate or certificates representing Series A Preferred Shares, certificates representing the Series A Preferred Shares represented by any certificate or certificates so surrendered.

(d) If the Corporation determines that there would remain outstanding on a Series A Conversion

Date less than 250,000 Series A Preferred Shares, after having taken into account all Series A Preferred Shares tendered for conversion into Series B Preferred Shares and all Series B Preferred Shares tendered for conversion into Series A Preferred Shares, then all of the remaining outstanding Series A Preferred Shares shall be converted automatically into Series B Preferred Shares on the basis of one Series B Preferred Share for each Series A Preferred Share on the applicable Series A Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subsection 1.2(c) to the then registered holders of such remaining Series A Preferred Shares at least seven days prior to the Series A Conversion Date.

(e) The conversion right may be exercised by a holder of Series A Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "Series A Conversion Notice"), which notice must be received by the transfer agent for the Series A Preferred Shares at the principal office in Toronto or Calgary of such transfer agent not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series A Conversion Date. The Series A Conversion Notice shall indicate the number of Series A Preferred Shares to be converted. Once received by the transfer agent on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series B Preferred Shares are in the Book-Based System, if the Series B Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series A Preferred Shares to be converted, the Series A Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent directing the Corporation to register the Series B Preferred Shares in some other name or names (the "Series B Transferee") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series B Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series B Transferee to hold such Series B Preferred Shares.

(f) If all remaining outstanding Series A Preferred Shares are to be converted into Series B Preferred Shares on the applicable Series A Conversion Date as provided for in subsection (d) of this section 1.5, the Series A Preferred Shares that holders have not previously elected to convert shall be converted on the Series A Conversion Date into Series B Preferred Shares and the holders thereof shall be deemed to be holders of

Series B Preferred Shares at 5:00 p.m. (Toronto time) on the Series A Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent of the Corporation of the certificate or certificates representing Series A Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series B Preferred Shares in the manner and subject to the provisions of this section 1.5 and section 1.14.

(g) Subject to subsection 1.5(h) and section 1.14, as promptly as practicable after the Series A Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series B Preferred Shares registered in the name of the holders of the Series A Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent for the Series A Preferred Shares of the certificate or certificates for the Series A Preferred Shares to be converted. If only a part of such Series A Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series B Conversion Notice, the Series A Preferred Shares converted into Series B Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation shall fail, subject to section 1.14, to deliver to the holders of the Series A Preferred Shares to be converted share certificates representing the Series B Preferred Shares into which such shares have been converted.

(h) The obligation of the Corporation to issue Series B Preferred Shares upon conversion of any Series A Preferred Shares shall be deferred during the continuance of any one or more of the following events:

(i) the issuing of such Series B Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;

(ii) the issuing of such Series B Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or

(iii) for any reason beyond its control, the Corporation is unable to issue Series B Preferred Shares or is unable to deliver Series B Preferred Shares.

(i) The Corporation reserves the right not to deliver Series B Preferred Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series B Preferred Shares, and the Corporation shall attempt to sell such Series B Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series B Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series B Preferred Shares shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

1.6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series A Preferred Shares shall be entitled to receive \$25.00 per Series A Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a pro rata basis for the period from and including the last Dividend Payment Date on which dividends on the Series A Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series A Preferred Shares in any respect. After payment to the holders of the Series A Preferred Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

1.7. Voting Rights

The holders of Series A Preferred Shares are not entitled (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of the holders of Series A Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and

until the first time at which the Board of Directors has not declared the dividend in full on the Series A Preferred Shares in any Quarter. In the event of such non-payment, holders of Series A Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation (other than separate meetings of holders of another class or series of shares), and such holders of Series A Preferred Shares shall have the right, at any such meeting, to one vote in respect of each Series A Preferred Share held with respect to the resolutions being voted on until all arrears have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this section 1.7.

1.8. Restrictions on Partial Redemption or Purchase

So long as any of the Series A Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series A Preferred Shares and all other preferred shares then outstanding ranking prior to or on parity with the Series A Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

1.9. Restrictions on Payment of Dividends and Reduction of Capital

So long as any of the Series A Preferred Shares are outstanding, the Corporation shall not:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series A Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series A Preferred Shares with respect to payment of dividends; or

(b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series A Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series A Preferred Shares and on all other preferred shares ranking prior to or on parity with the Series A Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subsections 1.9(a) and (b).

1.10. Creation or Issue of Additional Shares

So long as any Series A Preferred Shares are outstanding, the Corporation shall not create or issue any shares ranking prior to or on parity with the Series A Preferred Shares with respect to repayment of capital or payment of dividends without the prior approval of the holders of the Series A Preferred Shares given as specified in section 1.11, nor shall the number of Series A Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph 1.10 shall prevent the Corporation from creating additional series of Preferred Shares ranking prior to or on parity with the Series A Preferred Shares and, if all dividends then payable on the Series A Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

1.11. Sanction by Holders of Series A Preferred Shares

The approval of the holders of the Series A Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series A Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series A Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series A Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series A Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series A Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series A Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series A Preferred Shares. Notice of any such original meeting of the holders of the Series A Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the

Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series A Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series A Preferred Shares held by such holder.

1.12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the Income Tax Act (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary under such Act, such that no holder of Series A Preferred Shares shall be required to pay tax on dividends received on the Series A Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

1.13. Withholding Tax

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series A Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this section 1.13. Holders of Series A Preferred Shares shall be responsible for all withholding taxes under Part XIII of the Income Tax Act (Canada), or any successor replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions.

1.14. Book-Based System

(a) Subject to the provisions of subsections 1.14(b)

and (c) and notwithstanding the provisions of sections 1.1 through 1.13 of these share provisions, the Series A Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series A Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants and registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series A Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subsection 1.14(c), no beneficial holder of Series A Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.

(b) Notwithstanding the provisions of sections 1.1 through 1.13, so long as the System Operator is the registered holder of the Series A Preferred Shares:

(i) the System Operator shall be considered the sole owner of the Series A Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series A Preferred Shares or the delivery of Series B Preferred Shares and certificates therefor upon the exercise of rights of conversion; and

(ii) the Corporation, pursuant to the exercise of rights of redemption shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series A Preferred Shares, the cash redemption price for the Series A Preferred Shares or certificates for Series B Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series A Preferred Shares.

(c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series A Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this section shall no longer be applicable to

the Series A Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate to the transfer agent for the Series A Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

(d) The provisions of sections 1.1 through 1.13 and the exercise of rights of redemption and conversion with respect to Series A Preferred Shares are subject to the provisions of this section 1.14, and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this section 1.14 shall prevail.

1.15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series A Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series A Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series A Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series A Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series A Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the

extent of the amount represented by such transfer or deposit.

1.16. Amendments

The provisions attaching to the Series A Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the Business Corporations Act, (Alberta) with any such approval to be given in accordance with section 1.11 and with any required approvals of any stock exchanges on which the Series A Shares may be listed.

SCHEDULE "B"

Attached to and forming part of the
Articles of Amendment of

BIRCHCLIFF ENERGY LTD.
(the "Corporation")

1. 2,000,000 Series B Preferred Shares of the Corporation, designated as cumulative redeemable preferred shares, series B (the "Series B Preferred Shares"). In addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series A Preferred Shares shall be as follows:

1.1. Interpretation

(a) In these Series B Preferred Share provisions, the following expressions have the meanings indicated:

(i) "Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 6.83%;

(ii) "Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the GCAN5YR<INDEX> page on that service or its successor service) for purposes of displaying Government of Canada bond yields;

(iii) "Book-Based System" means the record entry securities transfer and pledge

system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;

(iv) "Book-Entry Holder" means the person that is the beneficial holder of a Book-Entry Share;

(v) "Book-Entry Shares" means the Series A Preferred Shares held through the Book-Based System;

(vi) "Business Day" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;

(vii) "CDS" means CDS Clearing and Depository Services Inc. or any successor thereof;

(viii) "Common Shares" means the common shares of the Corporation;

(ix) "Definitive Share" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series B Preferred Shares;

(x) "Dividend Payment Date" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;

(xi) "Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period;

(xii) "Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005 % being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 6.83%;

(xiii) "Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;

(xiv) "Global Certificate" means the global

certificate representing outstanding Book-Entry Shares;

(xv) "Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;

(xvi) "Liquidation" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;

(xvii) "Participants" means the participants in the Book-Based System;

(xviii) "Preferred Shares" means the preferred shares of the Corporation;

(xix) "Pro Rated Dividend" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to, but excluding, such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;

(xx) "Quarter" means a three-month period ending on a Dividend Payment Date;

(xxi) "Quarterly Commencement Date" means the last day of March, June, September and December in each year, commencing September 30, 2017;

(xxii) "Quarterly Floating Rate Period" means the period from and including a Quarterly Commencement Date to, but excluding, the next succeeding Quarterly Commencement Date;

(xxiii) "Series A Preferred Shares" means the Cumulative Redeemable Preferred Shares, Series A of the Corporation;

(xxiv) "Series B Conversion Date" means September 30, 2022, and September 30 in every fifth year thereafter;

(xxv) "Subsequent Fixed Rate Period" means, for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2017, to but excluding, September 30, 2022, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding January 30 in the fifth year thereafter;

(xxvi) "System Operator" means CDS or its nominee or any successor thereof; and

(xxvii) "T-Bill Rate" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

(b) The expressions "on parity with", "ranking prior to", "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.

(c) If any day on which any dividend on the Series B Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

1.2. Dividends

(a) During each Quarterly Floating Rate Period, the holders of the Series B Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending on the actual number of days in the applicable year.

(b) On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series B Preferred Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series B Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series B Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.

(c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.

(d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series B Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.

(e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

(f) The holders of the Series B Preferred Shares shall not be entitled to any dividend other than as specified in this section 1.2.

1.3. Purchase for Cancellation

Subject to the provisions of sections 1.5 and 1.9 and subject to such provisions of the Business Corporations Act, (Alberta) as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series B Preferred Shares outstanding from time to time:

(a) through the facilities of any stock exchange on which the Series B Preferred Shares are listed,

(b) by invitation for tenders addressed to all the holders of record of the Series B Preferred Shares outstanding, or

(c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this section 1.3 more Series B Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series B Preferred Shares so tendered by each of the holders of Series B Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series B Preferred Shares under the provisions of this section 1.3, the shares so purchased shall be restored to the status of authorized but unissued shares.

1.4. Redemption

(a) Subject to the provisions of section 1.9, the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series B Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to

(i) \$25.00 in the case of a redemption on a

Series B Conversion Date on or after
September 30, 2022, or

(ii) \$25.50 in the case of a redemption on any other date after September 30, 2017 that is not a Series B Conversion Date,

(such amount being the "redemption amount") plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a pro rata basis for the period from and including the last Dividend Payment Date on which dividends on the Series B Preferred Shares have been paid to but excluding the date fixed for redemption (the whole constituting the "cash redemption price"). For the purposes of subsection 191(4) of the Income Tax Act (Canada) or any successor or replacement provision of similar effect, the amount specified in respect of each Series B Preferred Share is \$25.00.

(b) In any case of redemption of Series B Preferred Shares under the provisions of this section 1.4, the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series B Preferred Shares to be redeemed a written notice of the intention of the Corporation to redeem such Series B Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series B Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series B Preferred Shares to be redeemed the cash redemption price on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series B Preferred Shares called for redemption, subject to the provisions of section 1.14. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series B Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall

be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series B Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series B Preferred Shares, to deposit the cash redemption price of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series B Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series B Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the Unclaimed Personal Property and Vested Property Act (Alberta). Subject to such provisions of the Business Corporations Act, (Alberta) as may be applicable, in case a part only of the then outstanding Series B Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed pro rata (disregarding fractions).

1.5. Conversion into Series A Preferred Shares

(a) The Series B Preferred Shares shall not be convertible prior to September 30, 2022. Holders of Series B Preferred Shares shall have the right to

convert on each Series B Conversion Date, subject to the provisions hereof, all or any of their Series B Preferred Shares into Series A Preferred Shares on the basis of one Series A Preferred Share for each Series B Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series B Conversion Date, give notice in writing in accordance with the provisions in subsection 1.2(b) to the then registered holders of the Series B Preferred Shares of the conversion right provided for in this section 1.5, which notice shall set out the Series B Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to each Series B Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series B Preferred Shares of the Annual Fixed Dividend Rate for the Series A Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series B Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subsection 1.2(b).

(b) If the Corporation gives notice as provided in section 1.4 to the holders of the Series B Preferred Shares of the redemption of all of the Series B Preferred Shares, then the right of a holder of Series B Preferred Shares to convert such Series B Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subsection 1.5(a).

(c) Holders of Series B Preferred Shares shall not be entitled to convert their shares into Series A Preferred Shares if the Corporation determines that there would remain outstanding on a Series B Conversion Date less than 250,000 Series A Preferred Shares, after having taken into account all Series B Preferred Shares tendered for conversion into Series A Preferred Shares and all Series A Preferred Shares tendered for conversion into Series B Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subsection 1.2(b) to all affected registered holders of the Series B Preferred Shares at least seven days prior to the applicable Series B Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series B Conversion Date, at the expense of the Corporation, to such holders of Series B Preferred Shares who have surrendered for conversion any certificate or certificates representing Series B Preferred Shares, certificates representing the Series B Preferred Shares represented by any certificate or

certificates so surrendered.

(d) If the Corporation determines that there would remain outstanding on a Series B Conversion Date less than 250,000 Series B Preferred Shares, after having taken into account all Series B Preferred Shares tendered for conversion into Series A Preferred Shares and all Series A Preferred Shares tendered for conversion into Series B Preferred Shares, then all of the remaining outstanding Series B Preferred Shares shall be converted automatically into Series A Preferred Shares on the basis of one Series A Preferred Share for each Series B Preferred Share on the applicable Series B Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subsection 1.2(b) to the then registered holders of such remaining Series B Preferred Shares at least seven days prior to the Series B Conversion Date.

(e) The conversion right may be exercised by a holder of Series B Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "Series B Conversion Notice"), which notice must be received by the transfer agent for the Series B Preferred Shares at the principal office in Toronto or Calgary of such transfer agent not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series B Conversion Date. The Series B Conversion Notice shall indicate the number of Series B Preferred Shares to be converted. Once received by the transfer agent on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series A Preferred Shares are in the Book-Based System, if the Series A Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series B Preferred Shares to be converted, the Series B Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent directing the Corporation to register the Series A Preferred Shares in some other name or names (the "Series A Transferee") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series A Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series A Transferee to hold such Series A Preferred Shares.

(f) If all remaining outstanding Series B Preferred Shares are to be converted into Series A Preferred Shares on the applicable Series B Conversion Date as provided for in subsection 1.5(d), the Series B Preferred Shares that holders have not

previously elected to convert shall be converted on the Series B Conversion Date into Series A Preferred Shares and the holders thereof shall be deemed to be holders of Series A Preferred Shares at 5:00 p.m. (Toronto time) on the Series B Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent of the Corporation of the certificate or certificates representing Series B Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series A Preferred Shares in the manner and subject to the provisions of this section 1.5 and paragraph 1.14.

(g) Subject to subsection 1.5(h) and section 1.14, as promptly as practicable after the Series B Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series A Preferred Shares registered in the name of the holders of the Series B Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent for the Series B Preferred Shares of the certificate or certificates for the Series B Preferred Shares to be converted. If only a part of such Series B Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series B Conversion Notice, the Series B Preferred Shares converted into Series A Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to section 1.14 shall fail to deliver to the holders of the Series B Preferred Shares to be converted share certificates representing the Series A Preferred Shares into which such shares have been converted.

(h) The obligation of the Corporation to issue Series A Preferred Shares upon conversion of any Series B Preferred Shares shall be deferred during the continuance of any one or more of the following events:

(i) the issuing of such Series A Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;

(ii) the issuing of such Series A Preferred Shares is prohibited by law or by any

regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or

(iii) for any reason beyond its control, the Corporation is unable to issue Series A Preferred Shares or is unable to deliver Series A Preferred Shares.

(i) The Corporation reserves the right not to deliver Series A Preferred Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series A Preferred Shares, and the Corporation shall attempt to sell such Series A Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series A Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series A Preferred Shares shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

1.6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series B Preferred Shares shall be entitled to receive \$25.00 per Series B Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a pro rata basis for the period from and including the last Dividend Payment Date on which dividends on the Series B Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series B Preferred Shares in any respect. After payment to the holders of the Series B Preferred Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

1.7. Voting Rights

The holders of Series B Preferred Shares are not entitled (except as otherwise provided by law and except for

meetings of the holders of Preferred Shares as a class and meetings of the holders of Series B Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the first time at which the Board of Directors has not declared the dividend in full on the Series B Preferred Shares in any Quarter. In the event of such non-payment, holders of Series B Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation (other than separate meetings of holders of another class or series of shares), and such holders of Series B Preferred Shares shall have the right, at any such meeting, to one vote in respect of each Series B Preferred Share held with respect to the resolutions being voted on until all arrears have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this section 1.7.

1.8. Restrictions on Partial Redemption or Purchase

So long as any of the Series B Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series B Preferred Shares and all other preferred shares then outstanding ranking prior to or on parity with the Series B Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

1.9. Restrictions on Payment of Dividends and Reduction of Capital

So long as any of the Series B Preferred Shares are outstanding, the Corporation shall not:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series B Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series B Preferred Shares with respect to payment of dividends; or

(b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series B Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series B Preferred Shares and on all other preferred shares ranking prior to or on parity with the Series B Preferred Shares with respect to payment of dividends

then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subsections 1.9(a) and (b).

1.10. Creation or Issue of Additional Preferred Shares

So long as any Series B Preferred Shares are outstanding, the Corporation shall not create or issue any shares ranking prior to or on parity with the Series B Preferred Shares with respect to repayment of capital or payment of dividends without the prior approval of the holders of the Series B Preferred Shares given as specified in section 1.11, nor shall the number of Series B Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph 1.10 shall prevent the Corporation from creating additional series of Preferred Shares ranking prior to or on parity with the Series B Preferred Shares and, if all dividends then payable on the Series B Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

1.11. Sanction by Holders of Series B Preferred Shares

The approval of the holders of the Series B Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series B Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series B Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series B Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series B Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series B Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series B Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series B Preferred Shares. Notice of any such original meeting of the holders of the Series B Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned

meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series B Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series B Preferred Shares held by such holder.

1.12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the Income Tax Act (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary under such Act, such that no holder of Series B Preferred Shares shall be required to pay tax on dividends received on the Series B Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

1.13. Withholding Tax

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series B Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this section 1.13. Holders of Series B Preferred Shares shall be responsible for all withholding taxes under Part XIII of the Income Tax Act (Canada), or any successor replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions.

1.14. Book-Based System

(a) Subject to the provisions of subsections 1.14(b) and (c) and notwithstanding the provisions of sections 1.1 through 1.13 of these share provisions, the Series B Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series B Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants and registered in the name of "CDS & Co. " (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series B Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subsection 1.14(c), no beneficial holder of Series B Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.

(b) Notwithstanding the provisions of sections 1.1 through 1.13, so long as the System Operator is the registered holder of the Series B Preferred Shares:

(i) the System Operator shall be considered the sole owner of the Series B Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series B Preferred Shares or the delivery of Series A Preferred Shares and certificates therefor upon the exercise of rights of conversion; and

(ii) the Corporation, pursuant to the exercise of rights of redemption or conversion, shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series B Preferred Shares, the cash redemption price for the Series B Preferred Shares or certificates for Series A Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series B Preferred Shares.

(c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation

elects, or is required by applicable law, to withdraw the Series B Preferred Shares from the Book-Based System, then subsections (a) and (b) of this paragraph shall no longer be applicable to the Series B Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate to the transfer agent for the Series B Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

(d) The provisions of sections 1.1 through 1.13 and the exercise of rights of redemption and conversion with respect to Series B Preferred Shares are subject to the provisions of this section 1.14, and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this section 1.14 shall prevail.

1.15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series B Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series B Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series B Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series B Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series B Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise

payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

1.16. Amendments

The provisions attaching to the Series B Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the Business Corporations Act (Alberta), with any such approval to be given in accordance with section 1.11 and with any required approvals of any stock exchanges on which the Series B Preferred Shares may be listed.

Name/Structure Change Alberta Corporation - Registration Statement

Alberta Amendment Date: 2012/08/03

Service Request Number: 18372942

Corporate Access Number: 2011734684

Legal Entity Name: BIRCHCLIFF ENERGY LTD.

French Equivalent Name:

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

New Legal Entity Name: BIRCHCLIFF ENERGY LTD.

New French Equivalent Name:

Nuans Number:

Nuans Date:

French Nuans Number:

French Nuans Date:

Share Structure: REFER TO "SHARE STRUCTURE" ATTACHMENT

Share Transfers Restrictions: THERE SHALL BE NO RESTRICTIONS ON SHARE TRANSFERS

Number of Directors:

Min Number Of Directors: 1

Max Number Of Directors: 11

Business Restricted To: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON

Business Restricted From: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON

Other Provisions: REFER TO "OTHER PROVISIONS" ATTACHMENT

BCA Section/Subsection: 29(5)

Professional Endorsement Provided:

Future Dating Required:

Annual returns are outstanding for the 2012 file year(s).

Annual Return

File Year	Date Filed
2011	2011/04/21
2010	2010/04/27
2009	2009/04/28

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2005/05/31
Articles/Plan of Arrangement/Court Order	10000603000534229	2005/05/31
Other Rules or Provisions	ELECTRONIC	2005/05/31
Shares in Series	ELECTRONIC	2012/08/03

Registration Authorized By: SCOTT CEDERGREN
SOLICITOR

CORPORATE ACCESS NUMBER: 2011734684

Alberta

BUSINESS CORPORATIONS ACT

**CERTIFICATE
OF
AMALGAMATION**

**BIRCHCLIFF ENERGY LTD.
IS THE RESULT OF AN AMALGAMATION FILED ON 2005/05/31.**



**Articles of Amalgamation
For
BIRCHCLIFF ENERGY LTD.**

Share Structure:	REFER TO "SHARE STRUCTURE" ATTACHMENT
Share Transfers Restrictions:	THERE SHALL BE NO RESTRICTIONS ON SHARE TRANSFERS
Number of Directors:	
Min Number of Directors:	1
Max Number of Directors:	11
Business Restricted To:	THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON
Business Restricted From:	THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON
Other Provisions:	REFER TO "OTHER PROVISIONS" ATTACHMENT

**Registration Authorized By: BRENT STEVENSON
SOLICITOR**

**SHARE STRUCTURE
ATTACHED TO AND FORMING PART OF
THE ARTICLES OF AMALGAMATION
OF
BIRCHCLIFF ENERGY LTD.**

THE CLASSES OF SHARES AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE ARE:

1. An unlimited number of common shares, the holders of which are entitled:
 - (a) to receive notice of and to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote;
 - (b) to receive any dividend declared by the Corporation on this class of shares; provided that the Corporation shall be entitled to declare dividends on the preferred shares, or on any of such classes of shares without being obliged to declare any dividends on the common shares of the Corporation;
 - (c) subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation upon dissolution in equal rank with the holders of all other common shares of the Corporation; and
 - (d) to the rights, privileges and restrictions normally attached to common shares;

2. An unlimited number of preferred shares, which as a class, have attached thereto the following rights, privileges, restrictions and conditions:
 - (a) the preferred shares may from time to time be issued in one or more series, and the Directors may fix from time to time before such issue the number of preferred shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of preferred shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions;
 - (b) the preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation amongst its shareholders for the purpose of winding up its affairs, be entitled to preference over the common shares and over any other shares of the Corporation ranking by their terms junior to the preferred shares of that series. The preferred shares of any series may also be given such other preferences, not inconsistent with these Articles, over the common shares and any other such preferred shares as may be fixed in accordance with clause (2)(a); and
 - (c) if any cumulative dividends or amounts payable on the return of capital in respect of a series of preferred shares are not paid in full, all series of preferred shares shall participate rateably in respect of accumulated dividends and return of capital.

3. 25,129,885 Series 1 Preferred Shares, having attached thereto the following rights, privileges, restrictions, conditions and characteristics:

3.1 *Ranking of Series 1 Preferred Shares*

The Series 1 Preferred Shares shall be entitled to priority over the Common Shares of the Corporation and over any other shares ranking junior to the Series 1 Preferred Shares with respect to priority in the payment of dividends and 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.

3.2 *No Voting Rights*

Except as otherwise provided by law, the holders of the Series 1 Preferred Shares shall not be entitled to receive notice of, or to attend at any meeting of the shareholders of the Corporation, or to vote at any such meeting.

3.3 *Dividend Rights*

The holders of the Series 1 Preferred Shares, in priority to the Common Shares and any other shares ranking junior to the Series 1 Preferred Shares, shall be entitled to receive and the Corporation shall pay thereon, dividends as and when declared by the directors of the Corporation.

3.4 *Redemption of Series 1 Preferred Shares*

(a) For the purposes of this section 3.4,

- (i) "Amalco" means the amalgamated corporation which will exist following the Closing;
- (ii) "Amalco Common Shares" means common shares in the capital of Amalco;
- (iii) "Closing" means the making effective of the Plan of Arrangement by filing Articles of Arrangement;
- (iv) "Effective Time" means the time at which the Articles of Arrangement are filed pursuant to the Plan of Arrangement;
- (v) "Plan of Arrangement" means the Plan of Arrangement involving the Corporation and Veracel, which the Corporation and Veracel propose to implement;
- (vi) "Veracel" means Veracel Inc., a corporation existing under the laws of the Province of Alberta;
- (vii) "Veracel Class A Preference Shares" means Class A Preference shares in the capital of Veracel;
- (viii) "Veracel Class B Shares" means Class B common voting shares in the capital of Veracel to be created prior to the Closing;
- (ix) "Veracel Commitment Agreements" means the entering into of commitment agreements by Veracel for a private placement of Amalco for up to 2,000,000 Amalco Common Shares having "flow through" characteristics at a price of \$5.00

per share, which is intended to be completed three business days following the Closing;

- (x) "Veracel Common Shares" means common shares in the capital of Veracel;
 - (xi) "Veracel Equity Financing" means the Veracel Subscription Receipt Offering and the Veracel Commitment Agreements; and
 - (xii) "Veracel Subscription Receipt Offering" means the brokered private placement by Veracel of subscription receipts of Veracel to be completed prior to the Effective Time.
- (b) Redemption Amount - The amount at which each Series 1 Preferred Share shall be redeemed by the Corporation (the "Redemption Amount") shall be the quotient obtained by dividing:
- (i) \$1,500,000 less the amount, if any, by which the liabilities of Veracel immediately prior to the Effective Time which are not related to the costs and expenses of the Veracel Equity Financing, exceed \$150,000; by
 - (ii) the aggregate number of Veracel Common Shares and Veracel Class A Preference Shares outstanding immediately prior to the Effective Time.
- (c) Redemption - Subject to the provisions of the *Business Corporations Act* (Alberta), the Corporation may, at any time after the Closing, redeem and cancel the Series 1 Preferred Shares, upon surrender for cancellation of the certificates representing such shares, by issuing to each registered holder of Series 1 Preferred Shares a cheque for the Redemption Amount multiplied by the number of Series 1 Preferred Shares held by such registered holder, and upon such payment being made, the certificates representing such shares shall be cancelled and the Series 1 Preferred Shares represented thereby shall be deemed to be redeemed.
- (d) Retraction - A registered holder of Series 1 Preferred Shares may, by written notice, at any time after the Closing, require the Corporation to redeem all of such registered holder's Series 1 Preferred Shares, upon surrender for cancellation of the certificates representing such shares, by the issuance of a cheque for the Redemption Amount multiplied by the number of Series 1 Preferred Shares held by such registered holder. Upon receipt of a written notice requesting such redemption and surrender of the certificates representing such shares, the Corporation shall promptly issue to such registered holder of Series 1 Preferred Shares a cheque for the Redemption Amount multiplied by the number of Series 1 Preferred Shares held by such registered holder. Upon such payment being made, the certificates representing such shares shall be cancelled and the Series 1 Preferred Shares represented thereby shall be deemed to be redeemed.

3.5 *Non-Convertible and Non-Exchangeable*

For greater certainty, the Series 1 Preferred Shares shall not be convertible or exchangeable into any other class or series of shares of the Corporation.

3.6 *Dissolution*

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series 1 Preferred Shares shall be entitled to receive from the assets and property of the Corporation for each Series 1 Preferred Share held by them respectively an amount equal to

the Redemption Amount of such Series 1 Preferred Share together with all declared and unpaid cash dividends thereon before any amount shall be paid or any assets or property of the Corporation distributed to the holders of any Common Shares or shares of any other class ranking junior to the Series 1 Preferred Shares. After payment to the holders of the Series 1 Preferred Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the assets or property of the Corporation.

3.7 *Restriction on Distributions*

No distribution shall be made to the holders of any of the Common Shares of the Corporation if such distribution would result in the Corporation having insufficient net assets to redeem or purchase the Series 1 Preferred Shares. For the purposes of this section 3.7,

- (a) "net assets" of the Corporation means the amount for which the assets of the Corporation could be realized in cash at that time less the liabilities of the Corporation at that time; and
- (b) "distribution" means any declaration, payment or distribution to or to the account of any holders of any Common Shares of the Corporation, now or hereafter outstanding by way of:
 - (i) dividends in cash or specie, except dividends payable in shares of any class of share of the Corporation; or
 - (ii) purchase, redemption or other retirement of any outstanding shares except when such purchase, redemption or other retirement is paid for out of the proceeds of a fresh issue of shares made for that purpose.

3.8 *Approval of Holders of Series 1 Preferred Shares*

- (a) The rights, privileges, restrictions and conditions attaching to the Series 1 Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of Series 1 Preferred Shares given as hereinafter specified.
- (b) The approval of the holders of Series 1 Preferred Shares to add to, change, waive or remove any right, privilege, restriction or condition attaching to the Series 1 Preferred Shares as a class or any other matter requiring the consent of the holders of the Series 1 Preferred Shares as a class may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Series 1 Preferred Shares duly called for that purpose. The formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the *Business Corporations Act*, of Alberta, (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of Series 1 Preferred Shares as a class, each holder of Series 1 Preferred Shares entitled to vote thereat shall have one (1) vote in respect of each Series 1 Preferred Share held.

**OTHER RULES OR PROVISIONS
ATTACHED TO AND FORMING PART OF
THE ARTICLES OF AMALGAMATION
OF
BIRCHCLIFF ENERGY LTD.**

The directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed one-third (1/3) of the number of directors who held office at the expiration of the last annual meeting of the Corporation.

Amalgamate Alberta Corporation - Registration Statement

Service Request Number: 7358771
Alberta Corporation Type: Named Alberta Corporation
Legal Entity Name: BIRCHCLIFF ENERGY LTD.
French Equivalent Name:
Nuans Number:
Nuans Date:
French Nuans Number:
French Nuans Date:

REGISTERED ADDRESS

Street: #1000, 400 - 3RD AVENUE S.W.
Legal Description:
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4H2

RECORDS ADDRESS

Street: #600, 330 - 5TH AVENUE S.W.
Legal Description:
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0L4

ADDRESS FOR SERVICE BY MAIL

Post Office Box:
City:
Province:
Postal Code:
Internet Mail ID:

Share Structure: REFER TO "SHARE STRUCTURE" ATTACHMENT
Share Transfers Restrictions: THERE SHALL BE NO RESTRICTIONS ON SHARE TRANSFERS
Number of Directors:
Min Number Of Directors: 1
Max Number Of Directors: 11
Business Restricted To: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON
THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT

Business Restricted From: THE CORPORATION MAY CARRY ON
Other Provisions: REFER TO "OTHER PROVISIONS" ATTACHMENT

**Professional Endorsement
Provided:**

Future Dating Required:

Registration Date: 2005/05/31

Director

Last Name: CAMERON
First Name: GORDON
Middle Name: W.
Street/Box Number: C/O #1000, 400 - 3RD AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4H2
Country:
Resident Canadian: Y
Named On Stat Dec:

Last Name: SIEMENS
First Name: WERNER
Middle Name: A.
Street/Box Number: C/O #1000, 400 - 3RD AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4H2
Country:
Resident Canadian: Y
Named On Stat Dec:

Last Name: SHAW
First Name: LARRY
Middle Name: A.
Street/Box Number: C/O #1000, 400 - 3RD AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4H2
Country:
Resident Canadian: Y

Named On Stat Dec:

Last Name: TONKEN
First Name: A.
Middle Name: JEFFERY
Street/Box Number: 2906 MONTCALM CRESCENT S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2T 3M6
Country:
Resident Canadian: Y
Named On Stat Dec:

Amalgamating Corporation

Corporate Access Number	Legal Entity Name
2011480502	BIRCHCLIFF ENERGY LTD.
2011680135	VERACEL INC.

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2005/05/31
Articles/Plan of Arrangement/Court Order	10000603000534229	2005/05/31
Other Rules or Provisions	ELECTRONIC	2005/05/31

Registration Authorized By: BRENT STEVENSON
SOLICITOR

BY-LAW NO. 1

A by-law relating generally to
the transaction of the business
and affairs of

BIRCHCLIFF ENERGY LTD.

(hereinafter referred to as the "Corporation")

DIRECTORS AND OFFICERS

1. **Calling of and Notice of Meetings** - Meetings of the board shall be held at such place and time and on such day as the chairman of the board, president, chief executive officer or a vice-president, if any, or any two directors may determine. Notice of meetings of the board shall be given to each director not less than 48 hours before the time when the meeting is to be held. Each newly elected board may without notice hold its first meeting for the purposes of organization and the appointment of officers immediately following the meeting of shareholders at which such board was elected.
2. **Quorum** - Subject to the residency requirements contained in the Business Corporations Act, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors then elected or appointed or such greater or lesser number of directors as the board may from time to time determine.
3. **Place of Meeting** - Meetings of the board may be held in or outside Canada.
4. **Votes to Govern** - At all meetings of the board every question shall be decided by a majority of the votes cast on the question; and in case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.
5. **Interest of Directors and Officers Generally in Contracts** - No director or officer shall be disqualified by his office from contracting with the Corporation nor shall any contract or arrangement entered into by or on behalf of the Corporation with any director or officer or in which any director or officer is in any way interested be liable to be voided nor shall any director or officer so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or arrangement by reason of such director or officer holding that office or of the fiduciary relationship thereby established; provided that the director or officer shall have complied with the provisions of the Business Corporations Act.
6. **Appointment of Officers** - Subject to the articles and any unanimous shareholder agreement, the board may from time to time appoint a president, chief executive officer, chief financial officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Business Corporations Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to the provisions

of this by-law, an officer may but need not be a director and one person may hold more than one office.

7. **Chairman of the Board** - The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the managing director or to the president; and he shall, subject to the provisions of the Business Corporations Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.
8. **Managing Director** - The board may from time to time appoint a managing director who shall be a resident Canadian and a director. If appointed, he shall have such powers and duties as the board may specify.
9. **President** - If appointed, the president shall be the chief operating officer and, subject to the authority of the board, shall have general supervision of the business of the Corporation; and he shall have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the managing director shall also have the powers and duties of that office.
10. **Vice-President** - A vice-president shall have such powers and duties as the board or the chief executive officer may specify.
11. **Secretary** - The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.
12. **Treasurer** - The treasurer shall keep proper accounting records in compliance with the Business Corporations Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board or the chief executive officer may specify.
13. **Agents and Attorneys** - The board shall have the power from time to time to appoint agents and attorneys for the Corporation in or outside Canada with such powers as the board sees fit.

SHAREHOLDERS' MEETINGS

14. **Quorum** - The quorum for the transaction of business at any meeting of the shareholders of the Corporation shall be one or more persons present in person and holding or

representing by proxy not less than 5% of the outstanding shares of the Corporation entitled to vote at the meeting.

15. **Votes to Govern** - At any meeting of shareholders every question shall, unless otherwise required by the Business Corporations Act, be determined by the majority of votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled a second or casting vote.
16. **Show of Hands** - Subject to the provisions of the Business Corporations Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.
17. **Ballots** - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Business Corporations Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

MEETING BY TELEPHONE

18. **Directors** - A director may participate in a meeting of the board or of a committee of the board by means of telephone or other communication facilities that permit all persons participating in any such meeting to hear each other.

INDEMNIFICATION

19. **Indemnification of Directors and Officers** - The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives to the extent permitted by the Business Corporations Act.
20. **Indemnity of Others** - Except as otherwise required by the Business Corporations Act and subject to paragraph 19, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or

was serving at the request of the Corporation as a director, officer, employee, agent of or participant in another body corporate, partnership, joint venture, trust or other enterprise, against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted honestly and in good faith with a view to the best interests of the Corporation and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction shall not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Corporation and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that his conduct was lawful.

21. **Right of Indemnity Not Exclusive** - The provisions for indemnification contained in the by-laws of the Corporation shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in his official capacity and as to action in another capacity, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and legal representatives of such a person.

22. **No liability of Directors or Officers for Certain Matters** - To the extent permitted by law, no director or officer of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or body corporate with whom or which any moneys, securities or other assets belonging to the Corporation shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

DIVIDENDS

23. **Dividends** - Subject to the provisions of the Business Corporations Act, the board may from time to time declare dividends payable to the shareholders according to their

respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

24. **Dividend Cheques** - A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.
25. **Non-Receipt of Cheques** - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnify, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.
26. **Unclaimed Dividends** - Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

BANKING ARRANGEMENTS, CONTRACTS, DIVISIONS ETC.

27. **Banking Arrangements** - The banking business of the Corporation, or any part thereof, shall be transacted with such banks, trust companies or other financial institutions as the board may designate, appoint or authorize from time to time by resolution and all such banking business, or any part thereof, shall be transacted on the Corporation's behalf by such one or more officers and/or other persons as the board may designate, direct or authorize from time to time by resolution and to the extent therein provided.
28. **Execution of Instruments** - Contracts, documents or instruments in writing requiring execution by the Corporation may be signed by any officer (except cheques must be signed by any two officers together) and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board is authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation to sign and deliver either contracts, documents or instruments in writing generally or to sign either manually or by facsimile signature and/or counterpart signature and deliver specific contracts, documents or instruments in writing. The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically, but without limitation, transfers and assignments of shares, warrants, bonds, debentures or other securities), share certificates, warrants, bonds, debentures and other securities or security instruments of the Corporation and all paper writings.

29. **Voting Rights in Other Bodies Corporate** - The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.
30. **Creation and Consolidation of Divisions** - The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations of any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.
31. **Name of Division** - Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name. Any such contracts, cheque or document shall be binding upon the Corporation as if it had been entered into or signed in the name of the Corporation.
32. **Officers of Divisions** - From time to time the board or a person designated by the board, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or a person designated by the board, may remove at its or his pleasure any officer so appointed, without prejudice to such officers rights under any employment contract. Officers of divisions or their sub-units shall not, as such be officers of the Corporation.

MISCELLANEOUS

33. **Invalidity of Any Provisions of This By-Law** - The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.
34. **Omissions and Errors** - The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any shareholder, director, officer or auditor or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

INTERPRETATION

35. **Interpretation** - In this by-law and all other by-laws of the Corporation words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include an individual, partnership, association, body corporate, executor, administrator or legal representative and any number or aggregate of persons; "articles" include the original or restated articles of incorporation, articles of amendment, articles of

amalgamation, articles of continuance, articles of reorganization, articles of arrangement and articles of revival; "board" shall mean the board of directors of the Corporation; "Business Corporations Act" shall mean the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended from time to time, or any Act that may hereafter be substituted therefor; "meeting of shareholders" shall mean and include an annual meeting of shareholders and a special meeting of shareholders of the Corporation; and "signing officers" means any person authorized to sign on behalf of the Corporation pursuant to paragraph 28.