

Certificat de refonte

Loi sur les sociétés par actions (RLRQ, chapitre S-31.1)

J'atteste que la société par actions

CASCADES INC.

a refondu ses statuts en vertu de la Loi sur les sociétés par actions le 08 mai 2019.

Déposé au registre le 10 mai 2019 sous le
numéro d'entreprise du Québec 1141741828.

Yves Pepin
Registraire des entreprises



Statuts de refonte

Numéro d'entreprise du Québec										
NEQ	1	1	4	1	7	4	1	8	2	8

Loi sur les sociétés par actions, RLRQ, chapitre S-31.1

1 Nom de la société par actions

CASCADES INC.

Version(s) du nom de la société dans une autre langue que le français, s'il y a lieu

2 Capital-actions

The attached Schedule 1 is forming part hereof

3 Restrictions sur le transfert des titres ou des actions, s'il y a lieu

N/A

4 Nombre d'administrateurs

Nombre fixe _____ ou Nombre minimal 1
Nombre maximal 25

Signez et retournez ce formulaire accompagné du paiement requis. Ne pas télécopier.

Réservé à l'administration

5 Limites imposées aux activités, s'il y a lieu

N/A

6 Autres dispositions, s'il y a lieu

The attached Schedule 2 is forming part hereof

7 Date et heure à attribuer au certificat, s'il y a lieu

Date

Heure
heures minutes

8 Signature

Robert F. Hall
Nom de l'administrateur ou du dirigeant autorisé


Signature de l'administrateur ou du dirigeant autorisé

Si l'espace prévu est insuffisant, joignez une annexe, indiquez la section et numérotez les pages, s'il y a lieu.

CASCADES INC.

SCHEDULE 1

DESCRIPTION OF SHARE CAPITAL

1. The share capital of the Corporation will be composed of:
 - 1.1 an unlimited number of Common Shares without par value;
 - 1.2 an unlimited number of Class "A" Preferred Shares without par value which may be issued in series; and
 - 1.3 an unlimited number of Class "B" Preferred Shares without par value which may be issued in series.
2. The rights, privileges, conditions and restrictions attaching to the Common Shares, the Class "A" Preferred Shares and the Class "B" Preferred Shares are hereinafter described.

COMMON SHARES

3. The holders of common shares shall be entitled to the right:

VOTE

- 3.1 To vote on the basis of one vote per share at any meetings of shareholders except for any meeting where only the holders of a specific class of shares have the right to vote.

DIVIDENDS

- 3.2 Subject to the rights of holders of other classes of shares, to receive dividends as declared by the Corporation.

LIQUIDATION

- 3.3 To share in the remaining assets in the event of a liquidation of the Corporation.

CLASS "A" AND CLASS "B" PREFERRED SHARES

4. The rights, privileges, conditions and restrictions attached to the Class "A" and Class "B" Preferred Shares of the Corporation are as follows:

ISSUANCE IN SERIES

- 4.1 The Class "A" and Class "B" Preferred Shares are issuable in series as provided for hereinafter and rank equally within their respective classes as to dividends and capital.
- 4.2 Subject to the provisions of the *Business Corporations Act* (Québec) and the following provisions, which apply to all series of Class "A" and Class "B" Preferred Shares, and to all conditions pertaining to any series of outstanding Class "A" or Class "B" Preferred Shares, the directors of the Corporation are entitled to determine, by way of resolution duly passed prior to the issue of Class "A" or Class "B" Preferred Shares of each series and with no requirement to pass by-laws ratified by shareholders, to divide into series the Class "A" or Class "B" Preferred Shares and to determine the number of shares per series as well as the designation, rights, privileges, restrictions and conditions of each series of Class "A" or Class "B" Preferred Shares, including, without limiting the generality of the foregoing, the rate, amount or calculation method and the terms of payment of the dividends, whether cumulative or not, as well as the redemption, retraction, purchase or conversion or redemption or sinking fund provisions.
- 4.3 The directors must, prior to issuing Class "A" or Class "B" Preferred Shares of any series, amend the articles of the Corporation in order to set forth therein, as the case may be, the number and designation as well as the rights, privileges, conditions and restrictions determined for the Class "A" or Class "B" Preferred Shares of such series.

DIVIDENDS

- 4.4 Registered holders of any series of Class "A" or Class "B" Preferred Shares shall be entitled to receive, in each fiscal year of the Corporation or on any other basis, cumulative or non-cumulative preferred dividends payable at the time, at the rates and for such amounts and at the place or places determined by the directors with respect to each series prior to the issuance of any Class "A" or Class "B" Preferred Shares of such series.
- 4.5 No dividend may be declared and paid or set aside for payment in a fiscal year on the Class "B" Preferred Shares, Common Shares or shares of any other class in the share capital of the Corporation ranking junior to the Class "A" Preferred Shares unless the current dividend and all accrued but unpaid dividends on all series of cumulative Class "A" Preferred Shares then outstanding and all dividends on all series of non-cumulative Class "A" Preferred Shares then outstanding have been declared and paid or set aside for payment.

- 4.6 No dividend may be declared and paid or set aside for payment in a fiscal year on the Common Shares or shares of any other class in the share capital of the Corporation ranking junior to the Class "B" Preferred Shares unless the current dividend and all accrued but unpaid dividends on all series of cumulative Class "B" Preferred Shares then outstanding and all dividends on all series of non-cumulative Class "B" Preferred Shares then outstanding have been declared and paid or set aside for payment.
- 4.7 Dividends on any series of cumulative Class "A" or Class "B" Preferred Shares shall start accruing as of a date falling within six (6) months following the respective date of issuance of each series to be determined, upon each issuance, by the directors prior to the issuance of the Class "A" and Class "B" Preferred Shares of such series and in the event such a date would not be determined, such dividend shall start accruing as of the date of issuance.
- 4.8 Holders of Class "A" and Class "B" Preferred Shares shall not be entitled to any additional or extra dividend other than the specific preferred dividends determined with respect to each series in the rights, privileges, restrictions and conditions attached to the Class "A" and Class "B" Preferred Shares of such series.

LIQUIDATION, WINDING-UP OR DISSOLUTION

- 4.9 In the event of the liquidation, winding-up or dissolution of the Corporation or any other distribution of its assets to its shareholders, the holders of Class "A" and Class "B" Preferred Shares shall be entitled to receive, out of the assets of the Corporation, the amount paid in consideration of each share held by them and, in the case of a series of cumulative Class "A" or Class "B" Preferred Shares, of all dividends then accrued thereon but unpaid and, in the case of a series of non-cumulative Class "A" or Class "B" Preferred Shares, of all dividends then declared thereon but unpaid, plus any other amount determined by the directors with respect to each series prior to the issuance of any Class "A" or Class "B" Preferred Shares of such series. After receiving payment of the amounts to which they are entitled pursuant to the above provisions, the holders of Class "A" or Class "B" Preferred Shares shall no longer be entitled to share in any other distribution of assets.
- 4.10 The holders of Class "A" Preferred Shares shall be entitled to receive the amounts mentioned above prior to the holders of Class "B" Preferred Shares, Common Shares and shares of any other class in the share capital of the Corporation ranking junior to the Class "A" Preferred Shares. The holders of Class "B" Preferred Shares shall have the same rights over the holders of Common Shares and shares of any other class in the share capital of the Corporation ranking junior to the Class "B" Preferred Shares.

- 4.11 If the assets of the Corporation is insufficient to pay in full the amount payable to the holders of Class "A" and Class "B" Preferred Shares, such assets shall be prorated between the holders of Class "A" Preferred Shares then outstanding, in accordance with their respective rights, prior to the holders of Class "B" Preferred Shares.
- 4.12 If the assets of the Corporation is sufficient to pay in full the amount payable to the holders of Class "A" Preferred Shares but insufficient to pay in full the amount payable to the holders of Class "B" Preferred Shares, any remaining property of the Corporation shall be prorated between the holders of Class "B" Preferred Shares then outstanding, in accordance with their respective rights.

VOTING RIGHTS

- 4.13 The holders of Class "A" Preferred Shares shall not be entitled as such to receive notice of or to attend or to vote at any meetings of shareholders, unless the Corporation has failed to pay a total of eight (8) quarterly cumulative or non cumulative dividends, to the holders of the Class "A" Preferred Shares, on the date provided for in the articles of continuance and any amendments thereto, regardless of the declaration of said dividends. The conditions regarding the voting rights will be specifically stated in the restrictions, conditions, privileges and rights pertaining to the Class "A" Preferred Shares, Series 1, as may be amended from time to time. The holders of the Class "B" Preferred Shares of the Corporation shall not be entitled as such to receive notice of nor to attend nor to vote at any meetings of shareholders of the Corporation.

CREATION OR ISSUANCE OF SHARES RANKING SENIOR OR EQUAL

- 4.14 The Corporation shall not, without the prior consent of the holders of Class "A" Preferred Shares as a class given as provided for hereinafter (but always subject to any other requirement of the *Companies Act*), create shares of other classes ranking prior or equal to the Class "A" Preferred Shares. The Corporation shall not, without the prior consent of the holders of Class "A" Preferred Shares as a class given as provided for hereinafter (but always subject to any other requirement of the Act), issue additional series of Class "A" Preferred Shares or shares of any other classes ranking prior or equal to the Class "A" Preferred Shares, unless at the date of such issuance all cumulative dividends up to and including the payment of dividends for the last completed period for which such cumulative dividends are payable have been declared and paid or set aside for payment with respect to each series of cumulative Class "A" Preferred Shares then issued and outstanding and unless any declared but unpaid non-cumulative dividend have been paid or set aside for payment with respect to each series of non-cumulative Class "A" Preferred Shares then issued and outstanding.

- 4.15 The Corporation shall not, without the prior consent of the holders of Class "B" Preferred Shares as a class given as provided for hereinafter (but always subject to any other requirement of the Act), create shares of other classes ranking prior or equal to the Class "B" Preferred Shares, except for any Class "A" Preferred Shares of any series which the directors are authorized to issue. The Corporation shall not, without the prior consent of the holders of Class "B" Preferred Shares as a class given as provided for hereinafter (but always subject to any other requirement of the Act), issue additional series of Class "B" Preferred Shares or shares of any other classes ranking prior or equal to the Class "B" Preferred Shares unless at the date of such issuance all cumulative dividends up to and including the payment of dividends for the last completed period for which such cumulative dividends are payable have been declared and paid or set aside for payment with respect to each series of cumulative Class "B" Preferred Shares then issued and outstanding and unless any declared but unpaid non-cumulative dividend shall have been paid or set aside for payment with respect to each series of non-cumulative Class "B" Preferred Shares then issued and outstanding.

AMENDMENTS AND APPROVAL BY THE HOLDERS
OF CLASS "A" AND CLASS "B" PREFERRED SHARES

- 4.16 The specific provisions hereof relating to Class "A" and Class "B" Preferred Shares as classes and those of paragraphs 4.16 to 4.21 inclusively, shall not be deleted, amended or supplemented, in whole or in part, without the approval of the holders of Preferred Shares of the relevant class given as provided for hereinafter.
- 4.17 The approval of the holders of Class "A" and Class "B" Preferred Shares with respect to any matter mentioned above may be given in writing by the holders of all of the Preferred Shares of the relevant class then outstanding or by a resolution duly passed by at least 2/3 of the votes cast by or on behalf of the holders of Preferred Shares of the relevant class at a shareholders' meeting duly held to examine such matter. At that meeting, the holders of the majority of the Preferred Shares of the relevant class outstanding must be present or represented by proxy.
- 4.18 If, however, at the meeting as originally called, the holders of the majority of the Preferred Shares of the relevant class are not present or represented by proxy within thirty (30) minutes following the time appointed for the holding of the meeting, the meeting shall then be adjourned to a date, time and place determined by the chairman of the meeting and at least fifteen (15) days later. At this adjourned meeting, the holders of Preferred Shares of the relevant class present or represented by proxy, whether or not they hold the majority of the Preferred Shares of the relevant class then outstanding, shall be entitled to deal with any matters for which the original meeting had been called and a resolution duly passed by at least 2/3 of the votes cast at that meeting shall then constitute the

approval by the holders of the Preferred Shares of the relevant class mentioned above.

- 4.19 Notice of the original meeting of the holders of Preferred Shares of the relevant class must be given at least fifteen (15) days prior to the date appointed for the holding of the meeting and describe the nature of the matters to be transacted and the text of any special resolution to be submitted to the meeting. In the event the meeting is adjourned for less than thirty (30) days, no notice other than the announcement made at the meeting shall be necessary. If the meeting is adjourned for more than thirty (30) days, a notice of the adjourned meeting shall be given pursuant to the by-laws of the Corporation. The procedure to be followed with respect to notices of meeting, whether original meetings or adjourned meetings, as well as the holding thereof shall be those prescribed by the by-laws of the Corporation pertaining to shareholders' meetings.
- 4.20 If any provisions are deleted, amended or supplemented such as to particularly affect the rights of the holders of Class "A" or Class "B" Preferred Shares of any series differently from the way the rights of the holders of Class "A" or Class "B" Preferred Shares of any other series are affected, such deletions, amendments and supplements shall then require, in addition to being approved by the holders of Class "A" or Class "B" Preferred Shares as indicated above, the approval of the holders of the Class "A" or Class "B" Preferred Shares of the series so affected. This approval may be given in writing by the holders of all of the Class "A" or Class "B" Preferred Shares of such series or by a resolution passed by at least 2/3 of the votes cast at a meeting of the holders of the Class "A" or Class "B" Preferred Shares of such series, and the provisions with respect to the holding of such meeting as described above shall apply, *mutatis mutandis*.
- 4.21 At any meeting of the holders of Class "A" or Class "B" Preferred Shares held with or without series distinction, each holder shall be entitled to one vote for each Class "A" or Class "B" Preferred Share held by him.

RECORD DATE FOR THE PAYMENT OF DIVIDENDS

5. The directors may determine in advance, within thirty (30) days preceding the payment of dividends, the ultimate record date to determine the shareholders entitled to receive dividends. Only shareholders registered on the record date shall be entitled to receive payment of such dividends notwithstanding any transfer of shares which may be made in the books of the Corporation after that date.

**PROVISIONS ATTACHING TO THE CUMULATIVE
REDEEMABLE CLASS "A" PREFERRED SHARES SERIES 1**

6. The first series of the Class "A" Preferred Shares will consist of 2,100,000 Cumulative Redeemable Class "A" Preferred Shares Series 1 (the "Class A Preferred Shares Series 1") and, in addition to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares of the Corporation as a class, the Class A Preferred Shares Series 1 shall also be subject to the following rights, privileges, restrictions and conditions:

DIVIDENDS

- 6.1 The holders of Class A Preferred Shares Series 1 will be entitled to receive and the Corporation shall pay thereon cumulative preferential cash dividends, as and when declared by the Board of Directors of the Corporation, payable quarterly on or about the 1st day of January, April, July and October in each year (the "Dividend Payment Date") at a quarterly rate of \$0.46875 per share. The initial dividend shall be deemed to accrue from the date of issue of the Class A Preferred Share Series 1, and, if declared, shall be payable on October 1, 1992.
- 6.2 If on any Dividend Payment Date the dividend payable on such date is not paid in full on all the Class A Preferred Shares Series 1 then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Board of Directors of the Corporation, on which the Corporation shall have sufficient monies properly applicable to the payment thereof. The holders of the Class A Preferred Shares Series 1 shall not be entitled as such to any other dividends in excess of the preferential dividends for which provision is expressly made herein. Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada, at such time, shall be issued in respect of the said dividends (less any tax required to be deducted) and payment thereof shall satisfy such dividends.

REDEMPTION

- 6.3 The Class A Preferred Shares Series 1 will not be redeemable prior to September 1, 1997. On and after September 1, 1997, but subject to the provisions of the Act and to the provisions described under "Restrictions on Dividends and Retirement of Shares" below, the Corporation may redeem at any time all or from time to time, any part of the outstanding Class A Preferred Shares Series 1, at the Corporation's option, by either:
- (a) the payment of an amount in cash of \$25.00 for each such share so redeemed, together with accrued and unpaid dividends thereon to the date fixed for redemption; or

- (b) subject to the prior approval of the Montreal and Toronto Stock Exchange, the conversion of each Class A Preferred Share Series 1 to be redeemed into that whole number of fully paid and freely tradable common shares of the Corporation (the "Common Shares") to be determined by dividing \$25.00, together with accrued and unpaid dividends thereon to the date fixed for redemption, by the greater of \$2.00 and 95% of the weighted average trading price of such Common Shares on The Montreal Exchange for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date specified for redemption.
- 6.4 Notice of any redemption will be given by the Corporation not more than 60 days and not less than 35 days prior to the date fixed for redemption.
- 6.5 Where a part only of the then outstanding Class A Preferred Shares Series 1 is at any time to be redeemed, the Class A Preferred Shares Series 1 to be redeemed shall be selected by lot in such manner as the Board of Directors of the Corporation determines or, if the Board of Directors of the Corporation so decides, may be redeemed pro rata, disregarding fractions.
- 6.6 The notice of redemption shall set out whether the redemption shall be in the form of cash or by conversion into Common Shares, the redemption price or the number of Common Shares, as the case may be, the place at which the redemption is to be made and the date on which redemption is to take place, and, if less than all of the shares are to be redeemed, the number thereof so to be redeemed. If the redemption is to be made in cash, on or before the date so specified for redemption, the Corporation shall deposit the redemption price of the shares to be redeemed with the transfer agent and registrar for the Class A Preferred Shares Series 1 to be paid without interest to or to the order of the respective holders of such shares upon presentation and surrender to such agent of the certificates representing the same. If the redemption is to be made by conversion into Common Shares, the Corporation shall deposit certificates representing an appropriate number of Common Shares with the transfer agent and registrar for the Class A Preferred Shares Series 1 to be issued to or to the order of the respective holders of such shares upon presentation and surrender to such agent of the certificates representing the same. Provided such deposit shall have been made, such shares so called for redemption shall, on the date specified for redemption, be and be deemed to be redeemed and no longer outstanding. If a part only of the shares represented by any certificate are to be redeemed, a new certificate for the part not redeemed shall be issued at the expense of the Corporation. Provided such deposit shall have been made, the shares so called for redemption shall from and after the date specified for redemption cease to be entitled to dividends, and the holders shall not be entitled to exercise any of the other rights of shareholders in respect thereof, and their rights 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. If the deposit as aforesaid shall not have been made, the rights of the holders of the shares so called for redemption shall remain unaffected.

- 6.7 On any redemption of Class A Preferred Shares Series 1 by way of conversion into Common Shares, the share certificate representing the Common Shares resulting therefrom shall be issued in the name of the holder of the Class A Preferred Shares Series 1 converted. The right of the Corporation to redeem the Class A Preferred Shares Series 1 shall be deemed to have been exercised, and the holder of Class A Preferred Shares Series 1 to be converted shall be deemed to have become a holder of Common Shares for all purposes, on the relevant conversion date, notwithstanding any delay in the delivery of the certificate representing the Common Shares into which such Class A Preferred Shares Series 1 have been converted.
- 6.8 A redemption of Class A Preferred Share Series 1 will be effected by the holder depositing certificates representing the Class A Preferred Shares Series 1 to be redeemed at the principal transfer office of Fiducie Desjardins Inc. in Montreal, or at the principal transfer office of Montreal Trust Company in Toronto, Regina, Calgary or Vancouver. Fractional shares will not be issued on any redemption but in lieu thereof, the Corporation will make cash payments.

CONVERSION INTO COMMON SHARES AT OPTION OF HOLDER

- 6.9 On and after September 1, 1997, each Class A Preferred Share Series 1 will be convertible at the option of the holder on the 1st day of each of January, April, July and October in each year on at least 45 days written notice before the date fixed for conversion into that number of fully paid and freely tradable Common Shares determined by dividing \$25.00, together with accrued and unpaid dividends thereon to the date of conversion, by the greater of \$2.00 and 95% of the weighted average trading price of such Common Shares on The Montreal Exchange for the 20 trading days ending on the last trading day ending on or immediately prior to the fourth day prior to the date of conversion.
- 6.10 The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent for the Common Shares at least 45 days prior to the conversion date, accompanied by the certificate or certificates representing the Class A Preferred Shares Series 1 in respect of which the holder thereof desires to exercise such conversion privilege; such notice shall specify the number of Class A Preferred Shares Series 1 which the holder desires to have converted; if less than all the Class A Preferred Shares Series 1 represented by any certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate

representing the Class A Preferred Shares Series 1 comprised in the certificate or certificates surrendered as aforesaid which are not to be converted. On any conversion of Class A Preferred Shares Series 1, the share certificate representing the Common Shares resulting therefrom shall be issued in the name of the holder of the Class A Preferred Shares Series 1 converted.

- 6.11 The right of a holder of Class A Preferred Shares Series 1 to convert the same into Common Shares shall be deemed to have been exercised, and the holder of Class A Preferred Shares Series 1 to be converted shall be deemed to have become a holder of Common Shares for all purposes, on the relevant conversion date, notwithstanding any delay in the delivery of the certificate representing the Common Shares into which such Class A Preferred Shares Series 1 have been converted.
- 6.12 The Corporation, subject to the provisions of the Act and the provisions described under "Restrictions on Dividends and Retirement of Shares", as applicable, may, by notice given not later than the 24th business day prior to the date fixed for conversion to all holders who have given a conversion notice, either: (i) redeem on the day fixed for conversion all but not less than all of the Class A Preferred Shares Series 1 forming the subject matter of the conversion notices; or (ii) cause the holders of such Class A Preferred Shares Series 1 to sell on the day fixed for conversion such Class A Preferred Shares Series 1 to another purchaser or purchasers if a purchaser or purchasers willing to purchase all but not less than all of such Class A Preferred Shares Series 1 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of \$25.00 per share, together with accrued and unpaid dividends thereon to the date fixed for redemption or purchase. The Class A Preferred Shares Series 1 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.
- 6.13 A conversion of Class A Preferred Shares Series 1 will be effected by the holder depositing certificates representing the Class A Preferred Shares Series 1 to be converted at the principal transfer office of Fiducie Desjardins Inc. in Montreal, or at the principal transfer office of Montreal Trust Company in Toronto, Regina, Calgary or Vancouver. Fractional Common Shares will not be issued on any conversion of Class A Preferred Shares Series 1 but in lieu thereof the Corporation will make cash payments.

CONVERSION INTO ANOTHER SERIES OF PREFERRED SHARES AT OPTION OF THE HOLDER

- 6.14 The Corporation may by notice given at least 45 days prior to September 1, 1997, advise the holders of the Class A Preferred Shares Series 1 of their right to convert, at their option, on September 1, 1997, their Class A Preferred Shares Series 1 into fully paid and non-assessable new first preferred shares (the "New

Preferred Shares”) on a share for share basis. The Corporation will ensure that such New Preferred Shares will not, if issued, be or be deemed to be “term preferred shares” within the meaning of the *Income Tax Act* (Canada).

- 6.15 The notice shall be sent by prepaid first-class mail or delivered to each person who at a record date fixed by the Board of Directors is a registered holder of Class A Preferred Shares Series 1 and be sent to each stock exchange on which the Class A Preferred Shares Series 1 are then listed and posted for trading. The notice shall (i) specify the manner in which the conversion right may be exercised, and (ii) contain a summary of the attributes of the New Preferred Shares into which the Class A Preferred Shares Series 1 may be converted. Holders of the Class A Preferred Shares Series 1 electing to convert such shares will be required to complete a conversion election accompanying the conversion notice and to deposit the completed conversion election and shares to be converted at the principal office of Fiducie Desjardins Inc. in Montreal, or at the principal transfer office of Montreal Trust Company in Toronto, Regina, Calgary or Vancouver on or before a date 30 days prior to the conversion date set out in the conversion notice.

CONVERSION UPON EXERCISE OF A COMMON SHARE PURCHASE WARRANT

- 6.16 The holders of Class A Preferred Shares Series 1 have the right, at any time up to and including August 31, 1997, upon the exercise of a Common Share Purchase Warrant (the “Warrant”) issued under the Warrant Indenture between the Corporation and Fiducie Desjardins Inc., as warrant agent, and in lieu of paying the entire exercise price of the Warrant in cash, to convert Class A Preferred Shares Series 1 into Common Shares in the following manner. The number of Class A Preferred Shares Series 1 which may be so converted upon the exercise of Warrants shall be equal to the number obtained by dividing (i) the aggregate exercise price of the Warrants to be exercised in connection with such conversion by (ii) an amount equal to \$25.00 plus any accrued and unpaid dividends per Class A Preferred Share Series 1. A conversion of Class A Preferred Shares Series 1 will be effected by the holder depositing certificates representing the Warrants and the appropriate number of Class A Preferred Shares Series 1 to be converted with the transfer agent at the principal transfer office of Fiducie Desjardins Inc. in Montreal, or at the principal transfer office of Montreal Trust Company in Toronto, Regina, Calgary or Vancouver. No fractional Common Share will be issued on such conversion. No cash payment will be made by the Corporation should the aggregate value of the Class A Preferred Shares Series 1 so converted exceed the aggregate exercise price. Should the aggregate exercise price exceed the aggregate value of the Class A Preferred Shares Series 1 so converted, the holder shall make a cash payment for such difference.

- 6.17 On any conversion of Class A Preferred Shares Series 1 in connection with the exercise of a Warrant, the share certificate representing the Common Shares resulting therefrom shall be issued in the name of the holder of the Class A Preferred Shares Series 1 converted. The right of a holder of Class A Preferred Shares Series 1 to convert the same into Common Shares upon the exercise of the Warrants shall be deemed to have been exercised, and the holder of Class A Preferred Shares Series 1 to be converted shall be deemed to have become a holder of Common Shares for all purposes, on the relevant conversion date, notwithstanding any delay in the delivery of the certificate representing the Common Shares into which such Class A Preferred Shares Series 1 have been converted.

RETRACTION UPON EXERCISE OF A COMMON SHARE PURCHASE WARRANT

- 6.18 Subject to the provisions of the Act, a holder of Preferred Shares Series 1 who exercises a Warrant during the period between August 13, 1997 and August 31, 1997, inclusively, shall be entitled to require the Corporation to purchase that number of Preferred Shares Series 1 specified by the holder in order to pay, in cash, the exercise price of the Warrant, as hereinafter set out. A holder of Preferred Shares Series 1 wishing to exercise this right must, simultaneously with the exercise of the Warrant between August 13, 1997 and August 31, 1997, deposit the certificates representing the Warrants and the appropriate number of Preferred Shares Series 1 to be retracted at the principal transfer office of Fiducie Desjardins Inc. in Montreal, or at the principal transfer office of Montreal Trust Company in Toronto, Regina, Calgary or Vancouver. The deposit of such certificates shall be in lieu and instead of a retraction notice to the Corporation. The retraction price for the Preferred Shares Series 1 shall be \$25.00 per share plus accrued and unpaid dividends thereon to the date of the notice of retraction. The maximum number of Preferred Shares Series 1 which may be so retracted shall be equal to the number obtained by dividing (i) the aggregate exercise price of the Warrants exercised in connection with such retraction by (ii) an amount equal to \$25.00 per share plus all accrued and unpaid dividends thereon to the date of the notice of retraction. The cash proceeds from the retraction of such Preferred Shares Series 1 shall be applied by the warrant agent, for and on behalf of the said holder of Preferred Shares Series 1, exclusively to the payment of the aggregate exercise price of the Warrants. Should the aggregate exercise price exceed the aggregate value of the Preferred Shares Series 1 so retracted, the holder shall make a cash payment for such difference. No fractional Common Share shall be issued upon such retraction and no cash payment will be made to the holder by the Corporation should the aggregate value of the Preferred Shares Series 1 so retracted exceed the aggregate exercise price of the Warrants.

- 6.19 On any retraction of Class A Preferred Shares Series 1 in connection with the exercise of a Warrant as set forth above, the share certificate representing the Common Shares resulting therefrom shall be issued in the name of the holder of the Class A Preferred Shares Series 1 retracted. The right of retraction of a holder of Class A Preferred Shares Series 1 shall be deemed to have been exercised, and the holder of Class A Preferred Shares Series 1 which have been retracted shall be deemed to have become a holder of Common Shares for all purposes on the relevant retraction date, notwithstanding any delay in the delivery of the certificate representing the Common Shares.

PURCHASE FOR CANCELLATION

- 6.20 Subject to the Act, the Corporation may at any time purchase for cancellation any Class A Preferred Share Series 1 by private contract or in the market or by tender at a price or prices to be determined by the Board of Directors of the Corporation but not exceeding \$25.00 per share plus an amount equal to all accrued and unpaid dividends thereon.

RIGHTS ON LIQUIDATION

- 6.21 In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of the Class A Preferred Shares Series 1 shall be entitled to receive \$25.00 per Class A Preferred Share Series 1, together with all accrued and unpaid dividends thereon to and including the date of payment, before any amount shall be paid or any assets of the Corporation distributed to the holders of the Common Shares of the Corporation or to the holders of any shares ranking junior to the Class A Preferred Shares Series 1. The holders of Class A Preferred Shares Series 1 shall not be entitled to share in any further distribution of the assets of the Corporation.

RESTRICTIONS ON DIVIDENDS AND RETIREMENT OF SHARES

- 6.22 As long as any of the Class A Preferred Shares Series 1 are outstanding, the Corporation shall not, without the prior approval of the holders of such Class A Preferred Shares Series 1 given as specified under "Shareholder Approvals":
- (a) declare or pay or set aside for payment any dividends on any shares of any class of shares of the Corporation ranking junior to the Class A Preferred Shares Series 1 (other than stock dividends on shares ranking junior to the Class A Preferred Shares Series 1);
 - (b) call for redemption or redeem, call for purchase or purchase, or otherwise retire or reduce or make any return of capital in respect of shares of any class of shares of the Corporation ranking junior to the Class A Preferred Shares Series 1; or

- (c) otherwise retire or reduce or make any return of capital in respect of any shares of any class of shares of the Corporation ranking *pari passu* with the Class A Preferred Shares Series 1, except in satisfaction of an obligation to purchase or obligation in respect of a sinking fund, of a right of retraction or of any other mandatory redemption provision of any given series of any preferred shares,

unless all dividends accrued up to and including the dividend payment date for the last completed period for which dividends shall be payable shall have been declared and paid or set aside for payment in respect of each series of cumulative Class A Preferred Shares (including the Class A Preferred Shares Series 1) then issued and outstanding and on all other shares entitled to cumulative dividends and ranking on a parity with the Class A Preferred Shares and there shall have been paid or set aside for payment all declared dividends in respect of each series of non-cumulative Class A Preferred Shares then issued and outstanding and on all other non-cumulative shares ranking on a parity with the Class A Preferred Shares.

AMENDMENTS TO THE CLASS A PREFERRED SHARES SERIES 1

- 6.23 The Corporation will not without, but may from time to time with the approval of the holders of the Class A Preferred Shares Series 1 given as specified under "Shareholder Approvals" below, delete or vary any rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares Series 1.

SHAREHOLDER APPROVALS

- 6.24 The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares Series 1 may be given by a resolution carried by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of Class A Preferred Shares Series 1 at which a majority of the outstanding Class A Preferred Shares Series 1 is represented or, if no quorum is present at such meeting, at any adjourned meeting at which no quorum would apply. At any meeting of the holders of the Class A Preferred Shares Series 1, each holder will be entitled to one vote in respect of each Class A Preferred Shares Series 1 held.

ELECTION UNDER PART VI.1 OF THE INCOME TAX ACT (CANADA)

- 6.25 The Corporation will make the necessary election under Part VIA of the *Income Tax Act* (Canada) so that corporate holders of Class A Preferred Shares Series 1 will not be subject to tax under Part IV.1 of the *Income Tax Act* (Canada) on dividends paid (or deemed to be paid) by the Corporation on the Class A Preferred Shares Series 1.

**ENTITLEMENT TO REPRESENTATION ON THE BOARD OF DIRECTORS IN THE
EVENT OF DEFAULT OF PAYMENT OF DIVIDENDS**

- 6.26 In the event that the Corporation fails to pay an aggregate of eight quarterly dividends, whether or not consecutive, on its Class A Preferred Shares Series 1, on the dates on which such dividends should have been paid under the Corporation's Articles of continuance and any amendments thereto, whether declared or not, the holders of the Class A Preferred Shares Series 1, shall then be entitled, so long as such dividend arrears (the "Dividend Arrears") are not paid in full, to be represented by one person on the board of directors of the Corporation (the "Preferred Shareholder Representative"). Within 30 days following the reception of the name of the Preferred Shareholder Representative, in the manner hereinafter described, the Corporation shall create one new position on the board of directors and the new director shall be deemed to take office at the time of such creation.
- 6.27 The selection of the Preferred Shareholder Representative shall be made by the holders of the Class A Preferred Shares Series 1, by a resolution duly passed by a majority of all of the holders of such shares and expressed at a meeting of such holders called by the Corporation for such purpose. The meeting shall take place at the Corporation's regularly scheduled annual meeting following the Corporation's failure to pay an aggregate of eight quarterly dividends, whether consecutive or not, and at which at least 15% of the holders of outstanding Class A Preferred Share, Series 1 shall be represented, in person or by proxy. The meeting shall be called and conducted according to the by-laws of the Corporation with respect to the meetings of the holders of the voting shares of the Corporation.
- 6.28 Until such time that the Corporation has paid the Dividends Arrears, the Preferred Shareholders Representative shall remain on the board of directors of the Corporation. At such time that the Corporation has paid the Dividend Arrears, the right of the holders of Class A Preferred Shares Series 1, to be represented on the board of directors shall be extinguished and the Preferred Shareholder Representative shall resign immediately after being presented with a certificate from the Corporation's auditors that the Dividend Arrears have been paid in full.

**PROVISIONS ATTACHING TO THE CUMULATIVE
CLASS "B" PREFERRED SHARES SERIES 1**

7. The first series of the Class "B" Preferred Shares will consist of 2,700,000 Cumulative Class "B" Preferred Shares Series 1 (the "Class B Preferred Shares Series 1") and, in addition to the rights, privileges, restrictions and conditions attaching to the Class B Preferred Shares of the Corporation as a class, the Class B Preferred Shares Series 1 shall also be subject to the following rights, privileges, restrictions and conditions:

DEFINITIONS

- 7.1 In this section setting out the rights, privileges and conditions attached to the Class B Preferred Shares Series 1, the following words and phrases shall have the following meanings:
- (a) “accrued redemption amount” of a Class B Preferred Share Series 1 means the redemption amount of a Class B Preferred Share Series 1 plus an amount equal to all dividends declared or accrued thereon up to and including the immediately preceding dividend payment date which were not paid on or before such immediately preceding dividend payment date (if any);
 - (b) “Act” means the *Business Corporations Act* (Québec), as amended from time to time;
 - (c) “Business Day” means a day other than a Saturday, Sunday or any other day treated as a holiday in the municipality in Canada in which the Corporation’s registered office is then situated;
 - (d) “dividend payment date” means the first day of March, June, September and December in each year;
 - (e) “holder” in respect of any Class B Preferred Share Series 1 means the registered holder thereof;
 - (f) “redemption amount” of a Class B Preferred Share Series 1 means \$25.00 per Class B Preferred Share Series 1;
 - (g) “redemption price” of a Class B Preferred Share Series 1 means the redemption amount of a Class B Preferred Share Series 1 plus an amount equal to all dividends which have at the relevant time been declared or accrued thereon but which have not then been paid (if any); and
 - (h) “retraction date” means the dates specified in Section 7.21 on which the Class B Preferred Shares Series 1 are redeemable at the option of the holder.
- 7.2 If any day on which any dividend on the Class B Preferred Shares Series 1 is payable on or by which any other action is required to be taken hereunder is not a Business Day, then such dividends shall be payable or such other action shall be required to be taken on the next succeeding day that is a Business Day.

RANK

- 7.3 The Class B Preferred Shares Series 1 shall rank junior to the Class A Preferred Shares with respect to the payment of dividends and the distribution of assets of the Corporation in the event of 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.
- 7.4 The Class B Preferred Shares Series 1 shall be entitled to preference over the Common Shares and any other shares issued by the Corporation ranking junior to the Class B Preferred Shares Series 1 with respect to the payment of dividends and the distribution of assets of the Corporation in the event of 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.

DIVIDENDS

- 7.5 Dividends on the Class B Preferred Shares Series 1 shall accrue on a day-to-day basis at the rate of 4% per annum (calculated by reference to the accrued redemption amount) from and including the date of issue thereof, up to and including December 1, 1995 and shall be payable on each retraction date, rateably in accordance with the percentage of Class B Preferred Shares Series 1 being retracted on such retraction date, to the holders of record at the close of business on the tenth business day preceding such retraction date. In addition, dividends on the Class B Preferred Shares Series 1 shall accrue on a day-to-day basis at the rate of 1% per annum (calculated by reference to the accrued redemption amount) from and including the date of issue thereof up to and including December 1, 1995 and shall be payable on each dividend payment date to the holders of record at the close of business on the tenth business day preceding such dividend payment date. Accordingly, on each dividend payment date up to and including December 1, 1995, the holders of the Class B Preferred Shares Series 1 shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors out of monies of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends in the amount per Class B Preferred Share Series 1 equal to 0.25% of the accrued redemption amount for such dividend payment date, the first of such dividends to become payable on March 1, 1993. Commencing on December 2, 1995, dividends on the Class B Preferred Shares Series 1 shall accrue on a day-to-day basis at the rate of 5% per annum (calculated by reference to the accrued redemption amount) and shall be payable on each dividend payment date to the holders of record at the close of business on the tenth business day preceding such dividend payment date. Accordingly, on each dividend payment date after December 1, 1995, the holders

of the Class B Preferred Shares Series 1 shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors out of monies of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends in the amount per Class B Preferred Share Series 1 equal to 1.25% of the accrued redemption amount for such dividend payment date, the first of such dividends to become payable on March 1, 1996.

- 7.6 Subject to Section 7.7, for the purposes of calculating an amount measured by reference to accrued but unpaid dividends, the amount of any accrued but unpaid dividend in respect of any Class B Preferred Share Series 1 from the immediately preceding dividend payment date to any particular date shall be an amount equal to 1.25 per cent of the accrued redemption amount on the date of calculation multiplied by a fraction the numerator of which is the number of days from and including such dividend payment date to but excluding such particular date and the denominator of which is the number of days from and including such dividend payment date to but excluding the next succeeding dividend payment date.
- 7.7 The amount of the dividend accrued and payable on March 1, 1993 on each Class B Preferred Share Series 1 shall be an amount equal to 0.25 per cent of the redemption amount multiplied by a fraction the numerator of which is the number of days from and including the date of issue to but excluding March 1, 1993 and the denominator of which is the number of days from and including December 1, 1992 to but excluding March 1, 1993.
- 7.8 The dividend payable on any dividend payment date to any holder of Class B Preferred Shares Series 1 shall be calculated by multiplying the amount of the dividend payable on such date on each such share then held by such holder by the total number of Class B Preferred Shares Series 1 so held by such holder and rounding to the nearest \$0.01. The board of directors of the Corporation shall be entitled to declare part of the preferential cumulative cash dividend for any fiscal year notwithstanding that such dividend for such fiscal year may not be declared in full, but for greater certainty no dividend shall be declared or set aside or paid on the Common Shares, Class B Preferred Shares or any shares ranking junior to the Class B Preferred Shares Series 1 unless and until all preferential cumulative cash dividends on the Class B Preferred Shares Series 1 have been duly declared and paid.
- 7.9 Dividends shall be paid by cheque drawn on the Corporation's bankers or one of them and payable at par at any branch in Canada of such bank or by electronic funds transfer to a bank account specified by the holder of shares in respect of which the dividend has been declared. Any such cheque shall be mailed at least three Business Days before the applicable dividend payment date and any electronic funds transfer shall take place before 12:00 noon (Toronto time). The

mailing of such cheques or the crediting of the bank account as aforesaid shall satisfy and discharge all liability for such dividends to the extent of the sums represented thereby, unless, in the case of cheques, such cheques are not paid on due presentation. If on any dividend payment date dividends payable on such date are not paid in full on all the Class B Preferred Shares Series 1 then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates as determined by the directors. The holders of the Class B Preferred Shares Series 1 shall not be entitled to any dividends other than or in excess of the cash dividends herein provided for. A dividend which is represented by a cheque which has not been presented for payment within 6 years after such cheque was issued or that otherwise remains unclaimed for a period of 6 years from the date on which the dividend was declared to be payable and set apart for payment shall be forfeited to the Corporation.

DISSOLUTION

- 7.10 In the event of 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, the holders of the Class B Preferred Shares Series 1 shall be entitled to receive from the assets and property of the Corporation an amount equal to the redemption price for each Class B Preferred Share Series 1 held by them before any amount shall be paid or any assets or property of the Corporation distributed to the holders of Common Shares or any other shares issued by the Corporation ranking junior to the Class B Preferred Shares Series 1. Upon payment of the amount so payable to them, the holders of Class B Preferred Shares Series 1 shall not be entitled to share in any further distributions of assets of the Corporation.

VOTING RIGHTS

- 7.11 Except as otherwise provided herein or by the Act, the holders of Class A Preferred Shares shall not be entitled as such to receive notice of or to attend or to vote at any meeting of shareholders of the Corporation.

REDEMPTION BY THE CORPORATION

- 7.12 Subject to the provisions of the Act, the Corporation may from time to time at its option upon giving notice or upon the waiver of such notice, as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Class B Preferred Shares Series I, on payment for each share to be redeemed of the redemption price therefor.
- 7.13 Subject to the provisions of the Act, all Class B Preferred Shares Series 1 issued and outstanding on November 30, 2003 shall be redeemed by the Corporation on that date.

- 7.14 In the case of any redemption of Class B Preferred Shares Series 1, unless all the holders of the Class B Preferred Shares Series 1 to be redeemed shall have waived notice of such redemption by a written waiver specifying the date on which such redemption is to take place, the Corporation shall, at least 30 days before the date fixed for redemption, mail to each person who, at the date of mailing, is a holder of Class B Preferred Shares Series 1 to be redeemed, a notice in writing of the redemption by the Corporation of such Class B Preferred Shares Series 1. Such notice shall be mailed by registered letter, postage prepaid, addressed to each such holder at its address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, then to the last address of such holder known to the Corporation; provided, however, that accidental failure or omission in giving such notice to one or more such holders shall not affect the validity of such redemption. Such notice shall also set out the redemption price of the Class B Preferred Shares Series 1 and the date on which redemption is to take place and, if part only of the Class B Preferred Shares Series 1 held by the person to whom it is addressed is to be redeemed, the number thereof to be redeemed.
- 7.15 On the date so specified for redemption in any notice of redemption or waiver of notice, as the case may be, as referred to in Section 7.14 above, the Corporation shall pay or cause to be paid to or to the order of the holders of the Class B Preferred Shares Series 1 to be redeemed the redemption price therefor on presentation and surrender of the certificates representing the Class B Preferred Shares Series 1 so called for redemption at the registered office of the Corporation, the head office of the transfer agent for the Class B Preferred Shares Series 1 or any other place or places in Canada designated in such notice. Such payment shall be made by cheque payable in lawful money of Canada at par at any branch in Canada of one of the Corporation's bankers for the time being.
- 7.16 In case a part only of the Class B Preferred Shares Series 1 is at any time to be redeemed, the shares to be redeemed shall, unless the holders of the Class B Preferred Shares Series 1 otherwise unanimously agree in writing in respect of a particular redemption, be redeemed pro rata, disregarding fractions, and the directors of the Corporation may provide for such adjustments as may be necessary to avoid the redemption of fractional shares. If a part only of the Class B Preferred Shares Series 1 represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation.
- 7.17 From and after the date specified for redemption in any notice of redemption or waiver of notice, as the case may be, as referred to in Section 7.14 above, Class B Preferred Shares Series 1 called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price of the Class B Preferred Shares Series 1 shall not be made upon presentation of the

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

- 7.18 The Corporation shall have the right and in the case of a redemption pursuant to Section 7.13 shall be required, at any time after the mailing of notice of its intention to redeem any Class B Preferred Shares Series 1 or the obtaining of the waiver referred to in Section 7.14 above, to deposit the redemption price of the Class B Preferred Shares Series 1 so called for redemption or such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account at any chartered bank or trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Class B Preferred Shares Series 1 called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice or waiver, whichever is the later, the Class B Preferred Shares Series 1 in respect of which such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or redemption date, as the case may be, shall be limited to receiving, without interest, their proportionate part of the total redemption price of the Class B Preferred Shares Series 1 so deposited against presentation and surrender of the said certificates held by them respectively. Any interest allowed on such deposit or deposits shall belong to the Corporation.
- 7.19 If the Corporation is not permitted to redeem all of the Class B Preferred Shares Series 1 eligible for redemption pursuant to the mandatory redemption requirement provided in Section 7.13 by virtue of the provisions of the Act, the Corporation shall redeem only the maximum number of Class B Preferred Shares Series 1 which the directors of the Corporation determine the Corporation is then permitted to redeem. Such redemption will be made pro rata (disregarding fractions of shares) according to the number of Class B Preferred Shares Series 1 eligible for redemption. The Corporation shall pay the redemption price to each holder of Class B Preferred Shares Series 1 which tendered its shares for redemption in accordance with Section 7.15 and shall deposit in accordance with Section 7.18 the redemption price in respect of holders who did not tender their share certificates. The Corporation shall issue and deliver to each holder whose Class B Preferred Shares Series 1 have not been redeemed in full a new share certificate, at the expense of the Corporation, representing the Class B Preferred Shares Series 1 not redeemed by the Corporation.
- 7.20 If the Corporation fails to redeem, because of the provisions of the Act, all of the Class B Preferred Shares Series 1 duly tendered pursuant to the mandatory redemption requirement provided in Section 7.13 that were then eligible for redemption, the Corporation shall redeem on each dividend payment date

thereafter the lesser of (i) the number of Class B Preferred Shares Series 1 issued and outstanding and (ii) the number of Class B Preferred Shares Series 1 which the directors of the Corporation determine the Corporation is then permitted to redeem as selected pro rata from each holder of Class B Preferred Shares Series 1 on the basis of the number of Class B Preferred Shares Series 1 eligible for redemption. The Corporation shall advise holders of Class B Preferred Shares Series 1 of this mandatory redemption requirement at least 30 days and no more than 45 days prior to the dividend payment date and shall make payment to holders of Class B Preferred Shares Series 1 which tender in accordance with Section 7.15 and shall deposit in accordance with Section 7.18 the redemption price payable to holders who did not tender their share certificates. The Corporation shall issue and deliver to a holder whose Class B Preferred Shares Series 1 have not been redeemed in full a new share certificate, at the expense of the Corporation, representing the Class B Preferred Shares Series 1 not redeemed by the Corporation.

REDEMPTION AT THE OPTION OF THE HOLDERS OF CLASS B PREFERRED SHARES SERIES 1

- 7.21 Subject to the provisions of the Act, the holders of Class B Preferred Shares Series 1 may, at their option and in the manner hereinafter provided, require the Corporation to redeem upon payment for each share to be redeemed of the redemption price therefor, (i) on November 30, 2000 up to 800,000 Class B Preferred Shares Series 1 and (ii) on November 30, 2001 up to that number of Class B Preferred Shares Series 1 equal to the number of shares eligible for but not tendered for redemption on November 30, 2000 plus another 800,000 Class B Preferred Shares Series 1 and (iii) on November 30, 2002, up to that number of Class B Preferred Shares Series 1 equal to the number of shares eligible for but not tendered for redemption on November 30, 2001 plus another 800,000 Class B Preferred Shares Series 1 and (iv) on November 30, 2003, the remaining Class B Preferred Shares Series 1 issued and outstanding.
- 7.22 The Corporation shall on or before October 31 in each year in which Class B Preferred Shares Series 1 are redeemable at the option of the holder, mail or deliver to each holder of Class B Preferred Shares Series 1, a notice in writing stating the total number of Class B Preferred Shares Series 1 that may be redeemed pursuant to Section 7.21 in that year and the place or places within Canada at which holders of Class B Preferred Shares Series 1 may present and surrender their shares for redemption and the date provided for in Section 7.23 by which holders of Class B Preferred Shares Series 1 must present and surrender their shares for redemption if they wish such shares redeemed.
- 7.23 A holder of shares wishing to have such shares redeemed shall tender to the Corporation as its registered office or at the head office of the transfer agent for

the Class B Preferred Shares Series 1 at least ten days prior to the retraction date a request in writing specifying (i) that such holder desires to have the whole or any part of the Class B Preferred Shares Series 1 registered in such holder's name redeemed by the Corporation and (ii) the retraction date, together with the share certificate, if any, representing the Class B Preferred Shares Series 1 which the registered holder desires to have the Corporation redeem.

- 7.24 In the event that more Class B Preferred Shares Series 1 are tendered for redemption than are eligible for redemption pursuant to Section 7.21 hereof the shares to be redeemed shall be redeemed pro rata, disregarding fractions, and the directors of the Corporation may provide for such adjustments as may be necessary to avoid the redemption of fractional shares. If a part only of the Class B Preferred Shares Series 1 represented by any certificate shall be redeemed, then a new certificate for the balance shall be issued at the expense of the Corporation.
- 7.25 If the Corporation is not permitted to redeem all of the Class B Preferred Shares Series 1 duly tendered pursuant to the optional redemption right provided to in Sections 7.21 to 7.29 by virtue of the provisions of the Act, the Corporation shall redeem only the maximum number of Class B Preferred Shares Series 1 which the directors of the Corporation determine the Corporation is then permitted to redeem. Such redemption will be made pro rata (disregarding fractions of shares) from each holder of tendered Class B Preferred Shares Series 1 according to the number of Class B Preferred Shares Series 1 tendered for redemption by each such holder and the Corporation shall issue and deliver to each such holder a new share certificate, at the expense of the Corporation, representing the Class B Preferred Shares Series 1 not redeemed by the Corporation.
- 7.26 If the Corporation fails to redeem, because of the provisions of the Act, all of the Class B Preferred Shares Series 1 duly tendered pursuant to the optional redemption right provided for in Sections 7.21 to 7.29 that were then eligible for redemption, then the Corporation shall redeem on each dividend payment date thereafter from the Class B Preferred Shares Series 1 tendered by the holders thereof on or before the 10th day preceding such dividend payment date for redemption in the same manner as set forth in Section 7.23, the lesser of (i) the number of Class B Preferred Shares Series 1 so tendered and (ii) the number of Class B Preferred Shares Series 1 which the directors of the Corporation determine the Corporation is then permitted to redeem as selected pro rata from each holder of Class B Preferred Shares Series 1 so tendered according to the number of Class B Preferred Shares Series 1 so tendered by each such holder. The Corporation shall be under no obligation to give any notice to the holders of Class B Preferred Shares Series 1 in respect of the redemptions provided for in this Section 7.26.

- 7.27 Upon receipt of a request for redemption and share certificates, the Corporation shall, on the retraction date or dividend payment date, as the case may be, redeem the number of shares to be redeemed determined in accordance with Sections 7.21 to 7.29 by paying to such holder an amount per share equal to the redemption price therefor. Such payment shall be made by cheque payable in lawful money of Canada at par at any branch in Canada of one of the Corporation's bankers for the time being.
- 7.28 All Class B Preferred Shares Series 1 tendered for redemption and required to be redeemed in accordance with Sections 7.21 to 7.29 shall be redeemed on the retraction date or on the dividend payment date, as the case may be, and after payment of the redemption price for such shares, such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless payment of the redemption price is not made on the retraction date or dividend payment date, as the case may be, in which case the rights of the holders of such shares shall remain unaffected.
- 7.29 The number of Class B Preferred Shares Series 1 shall not be subdivided or consolidated or otherwise changed into a greater or lesser number unless, contemporaneously therewith, the numbers of Class B Preferred Shares Series 1 which the Corporation may be required to redeem in accordance with Sections 7.21 to 7.29 are subdivided, consolidated, or otherwise changed in the same proportion and in the same manner.

NO OTHER PURCHASES

- 7.30 Except as permitted under Sections 7.12 to 7.29 of this section of the articles, the Corporation shall not purchase or otherwise acquire any Class B Preferred Shares Series 1 without first obtaining the prior written consent of all holders of the Class B Preferred Shares Series 1 to such purchase or acquisition.

NOTICES AND INTERPRETATION

- 7.31 Subject to Section 7.32, and except where otherwise expressly provided for herein, any notice, cheque or other communication from the Corporation herein provided for shall be sufficiently given if delivered or if sent by ordinary unregistered mail, postage prepaid or, in the case of a notice of redemption, by prepaid registered mail, to the holders of the Class B Preferred Shares Series 1 at their respective addresses appearing on the books of the Corporation or, in the event of the address of any of such holders not so appearing, then at the last address of such holder known to the Corporation. Accidental failure to give any such notice or other communication to one or more holders of the Class B Preferred Shares Series 1 shall not affect the validity of the notices or other communications properly given or any action taken pursuant to such notice or

other communication but, upon such failure being discovered; the notice or other communication, as the case may be, shall be sent forthwith to such holder or holders.

- 7.32 If there exists any actual or apprehended disruption of mail services in any jurisdiction in which there are holders of Class B Preferred Shares Series 1 whose addresses appear on the books of the Corporation to be in such jurisdiction, notice may (but need not) be given to the holders in such jurisdiction by means of publication once in each of two successive weeks in a newspaper of general circulation published or distributed in the jurisdiction or if the Corporation maintains a register of transfers for the Class B Preferred Shares Series 1 in such jurisdiction, then in the city in such jurisdiction where the register of transfers is maintained. Notice given by publication shall be deemed for all purposes to be proper notice.
- 7.33 Notice given by mail shall be deemed to be given on the day upon which it is mailed unless on the day of or the day following such mailing an actual disruption of mail services has occurred in the jurisdiction in or to which such notice is mailed. Notice given by publication shall be deemed to be given on the day on which the first publication is completed in any city in which notice is published.

CASCADES INC.

SCHEDULE 2

AMENDMENTS AND DESCRIPTION OF SHARE CAPITAL OF THE CORPORATION

1. On October 26, 1982, the share capital of Cascades Inc. was amended as follows:
 - 1.1 By cancelling three thousand two hundred and ninety-seven (3,297) authorized but unissued Common Shares having a par value of ten dollars (\$10) each;
 - 1.2 By cancelling seven hundred and sixty (760) previously authorized and fully issued and redeemed Class "A" Shares having a par value of one hundred dollars (\$100) each, as well as the privileges and restrictions attached to such Class "A" Shares;
 - 1.3 By cancelling one hundred thousand (100,000) authorized but unissued Class "B" Shares having a par value of one dollar (\$1) each, and one hundred and fifty thousand (150,000) previously authorized and fully issued and redeemed Class "B" Shares having a par value of one dollar (\$1) each, as well as the privileges and restrictions attached to such Class "B" Shares;
 - 1.4 By increasing the number of Common Shares such that the number of Common Shares in the authorized share capital of the Corporation becomes unlimited;
 - 1.5 By changing the Common Shares having a par value of ten dollars (\$10) each in the authorized share capital of the Corporation into Common Shares having no par value;
 - 1.6 By increasing the amount of the share capital of the Corporation to provide that such amount, which is currently three hundred and sixty-seven thousand dollars (\$367,000), become unlimited;
 - 1.7 By creating an unlimited number of Class "A" Preferred Shares with no par value, issuable in series;
 - 1.8 By creating an unlimited number of Class "B" Preferred Shares with no par value, issuable in series; and
 - 1.9 By subdividing the eight hundred and three (803) Common Shares with no par value in the share capital of the Corporation currently issued and outstanding into four million (4,000,000) Common Shares with no par value in the share capital of the Corporation.

2. On July 5, 1984, Cascades Inc. amended its articles as follows:

2.1 Each of the issued and outstanding 5,000,000 Common Shares with no par value of the share capital of the Corporation at the close of business at the registered office of the Corporation on July 5, 1984, is subdivided into two Common Shares with no par value of the share capital of the Corporation, bringing the total number of issued and outstanding Common Shares of the share capital of the Corporation to 10,000,000 at the close of business at the registered office of the Corporation on July 5, 1984.

3. On September 16, 1985, Cascades Inc. amended its articles as follows:

3.1 Each of the issued and outstanding 11,250,112 Common Shares with no par value of the share capital of the Corporation at the close of business at the registered office of the Corporation on September 16, 1985, is subdivided into two Common Shares with no par value of the share capital of the Corporation, bringing the total number of issued and outstanding Common Shares of the share capital of the Corporation to 22,500,024 at the close of business at the registered office of the Corporation on September 16, 1985.

4. On May 13, 1986, Cascades Inc. amended its articles as follows:

4.1 Each of the issued and outstanding 24,100,024 Common Shares with no par value of the share capital of the Corporation at the close of business at the registered office of the Corporation on May 13, 1986, is subdivided into two Common Shares with no par value of the share capital of the Corporation, bringing the total number of issued and outstanding Common Shares of the share capital of the Corporation to 48,200,048 at the close of business at the registered office of the Corporation on May 13, 1986.

5. On July 27, 2011, Cascades Inc. amended its articles as follows:

The other provisions of the Corporation are amended by the addition of the two (2) following provisions:

- The annual meetings of the shareholders may be held at a place outside of the Province of Québec.
- The directors may appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders meeting, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual shareholders meeting.