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REGISTRAR OF COMPANIES

JUL 20 1995

FORM NO. 4(a)  
(Section 253)

Incorporation No. 71976

PROVINCE OF BRITISH COLUMBIA

S. D.  
FOR REGISTRAR OF COMPANIES  
FOR THE PROVINCE OF BRITISH COLUMBIA

COMPANY ACT

### DIRECTORS' RESOLUTION

The following resolution was passed by the Directors of the undermentioned Company on the date stated:

Name of Company: **WEST FRASER TIMBER CO. LTD.**

Date Resolution Passed: **July 19, 1995.**

#### "RESOLVED THAT:

##### Creation of Series 1 Shares

1. The authorized capital of the Company be altered by designating 1,250,000 Preferred shares as Series 1 Cumulative Convertible Redeemable Preferred shares, and the Memorandum of the Company be altered so as to be in the form attached hereto as Schedule A.

##### Attachment of Special Rights and Restrictions to Series 1 Cumulative Convertible Redeemable Preferred Shares

2. There be attached to the Series 1 Cumulative Convertible Redeemable Preferred shares the special rights and restrictions set forth in Schedule B hereto, and the Articles of the Company be altered accordingly."

Certified a true copy the 19th day of July, 1995.

(Signature)

GERALD J. MILLER

(Relationship to Company)

Officer

**SCHEDULE "A"**

**BRITISH COLUMBIA  
COMPANY ACT**

**ALTERED MEMORANDUM**

**OF**

**WEST FRASER TIMBER CO. LTD.**

(As altered by directors' resolution dated July 19, 1995)

1. The name of the Company is "**WEST FRASER TIMBER CO. LTD.**".
2. The authorized capital of the Company consists of 80,000,000 shares divided into:
  - (a) Fifty Million (50,000,000) Common shares without par value;
  - (b) Twenty Million (20,000,000) Class B Common shares without par value;
  - (c) Ten Million (10,000,000) Preferred shares without par value, of which One Million, Two Hundred Fifty Thousand (1,250,000) shares are designated as Series 1 Cumulative Convertible Redeemable Preferred shares.
3. There be attached to the Common shares, the Class B Common shares, the Preferred shares and the Series 1 Cumulative Convertible Redeemable Preferred shares the special rights and restrictions set out in the Articles of the Company.

## **SCHEDULE "B"**

### **PART 15**

#### **SPECIAL RIGHTS AND RESTRICTIONS SERIES 1 CUMULATIVE CONVERTIBLE REDEEMABLE PREFERRED SHARES**

##### **Attachment of Special Rights and Restrictions**

91. There are attached to the Series 1 Cumulative Convertible Redeemable Preferred Shares (the "Series 1 Preferred Shares") the special rights and restrictions set forth in this Part.

##### **Cumulative Dividends on Series 1 Preferred Shares**

92. The holders of the Series 1 Preferred Shares, in priority to the holders of any Equity Shares and all other shares ranking junior to the Series 1 Preferred Shares, shall be entitled to receive and the Company shall pay thereon, as and when declared by the board of the Company out of the funds of the Company properly applicable to the payment of dividends, fixed preferential cumulative cash dividends of 5% per annum of the total of (x) the capital paid-up thereon and (y) the amount of any dividends accrued thereon to the end of the most recently completed calendar quarter that remain unpaid. Such dividends shall be payable in quarterly instalments on the first business day after the last day in each of March, June, September and December in each year and shall accrue from day to day and be cumulative from and including the date of issue of each Series 1 Preferred Share. If on any such dividend payment date the dividend payable on such date is not paid in full on all the Series 1 Preferred Shares then issued and outstanding, such dividend, or the unpaid part thereof, shall be paid at a subsequent date or dates in priority to dividends on any Equity Shares and any other shares ranking junior to the Series 1 Preferred Shares. The holders of Series 1 Preferred Shares shall not be entitled to any dividends other than or in excess of the preferential cumulative cash dividends hereinbefore provided.

If the Company has failed to pay all dividends payable to holders of Series 1 Preferred Shares pursuant to this Article (including all arrears of dividends) for each of four consecutive calendar quarters, then

- (a) the dividend rate under this Article for all accrued dividends then remaining unpaid will be deemed to be 7.5% per annum, and
- (b) the dividend rate under this Article for all dividends accruing on the Series 1 Preferred Shares thereafter and to but not including the date on which the Company has paid all dividends payable under this Article will be deemed to be 7.5% per annum.

### **Restriction on Dividends**

93. Except with the written consent of every holder of one or more Series 1 Preferred Shares, no dividend will be

(a) declared on the Equity Shares or on any other shares ranking junior to the Series 1 Preferred Shares with respect to the right to receive dividends, nor will the board authorize the Company to, directly or indirectly, redeem, purchase or otherwise acquire (other than on an exchange or conversion of an Equity Share or any other share ranking junior to the Series 1 Preferred Shares with respect to the rights to receive dividends and the assets of the Company on a winding-up for or into another such share) any such Equity Shares or other shares, unless there has been declared on the Series 1 Preferred Shares all dividends accrued thereon pursuant to Article 92 to the end of the most recently completed calendar quarter before the date of declaration of the dividend on, or authorization of the redemption, purchase or other acquisition of, such Equity Shares or other shares, or

(b) paid or set aside for payment on the Equity Shares or on any other shares ranking junior to the Series 1 Preferred Shares with respect to the right to receive dividends, nor will the Company, directly or indirectly, redeem, purchase or otherwise acquire (other than on an exchange or conversion of an Equity Share or any other share ranking junior to the Series 1 Preferred Shares with respect to the rights to receive dividends and the assets of the Company on a winding-up for or into another such share) any such Equity Shares or other shares, unless there has been paid or set aside for payment on the Series 1 Preferred Shares all dividends accrued thereon pursuant to Article 92 to the end of the most recently completed calendar quarter before the date of payment or setting aside of the dividend on, or redemption, purchase or other acquisition of, such Equity Shares or other shares.

### **Redemption Price**

94. The redemption price (in this Part the "Redemption Price") for each Series 1 Preferred Share is the total of

- (a) the capital paid-up on such share, and
- (b) all unpaid dividends accrued thereon to but not including the date of redemption thereof.

### **Notice of Redemption**

95. Subject to this Part, the Company may, at its option, give notice that it will redeem one or more outstanding Series 1 Preferred Shares

- (a) at any time and from time to time before July 30, 2000 if

- (i) the Common shares are then listed on a stock exchange in Canada, and
  - (ii) the Current Market Price on the day such notice of redemption is given is more than 125% of the quotient obtained when \$39.90 is divided by the Conversion Rate, and
- (b) at any time and from time to time on or after July 30, 2000.

#### **Redemption by the Company**

96. Subject to applicable law and this Part, the Company will,

- (a) no less than 30 days and no more than 60 days after giving notice of redemption pursuant to Article 95 redeem each Series 1 Preferred Share outstanding on the date for redemption set out in such notice and in respect of which it has given such notice by paying to the holder thereof the Redemption Price therefor against delivery of the certificate therefor to the registered office of the Company, and
- (b) effective on July 31, 2002, redeem each Series 1 Preferred Share outstanding at that time by paying to the holder thereof the Redemption Price therefor (calculated as if the date of redemption were July 31, 2002) against delivery of the certificate therefor to the registered office of the Company.

#### **Payment of Redemption Price**

97. The Company will pay the Redemption Price for each Series 1 Preferred Share that is redeemed as follows:

- (a) if notice of redemption of such share is given before July 30, 2000, the Company will pay the Redemption Price for such share by certified cheque in favour of the holder of such share for an amount equal to the Redemption Price payable at par at any branch of the principal banker to the Company in Canada (or, with the consent of any particular holder of a Series 1 Preferred Share to be redeemed, by any other means of immediately available funds);
- (b) if notice of redemption of such share is given on or after July 30, 2000, the Company may, at its option, pay the Redemption Price for such share either
  - (i) by certified cheque in favour of the holder of such share for an amount equal to the Redemption Price payable at par at any branch of the principal banker to the Company in Canada (or, with the consent of any particular holder of a Series 1 Preferred Share to be redeemed, by any other means of immediately available funds), or
  - (ii) by issuing to the holder thereof a number of Common shares equal to the quotient obtained when

- (A) the Redemption Price for such share
- is divided by
- (B) the Current Market Price on the day notice of redemption of such share is given; and
- (c) if such share is redeemed pursuant to Article 96(b), the Company may, at its option, pay the Redemption Price for such share either
- (i) by certified cheque in favour of the holder of such share for an amount equal to the Redemption Price payable at par at any branch of the principal banker to the Company in Canada (or, with the consent of any particular holder of a Series 1 Preferred Share to be redeemed, by any other means of immediately available funds), or
  - (ii) by issuing to the holder thereof a number of Common shares equal to the quotient obtained when

- (A) the Redemption Price for such share
- is divided by
- (B) the Current Market Price on July 31, 2002.

#### **Rules and Procedures for Redemptions**

98. All redemptions of Series 1 Preferred Shares will be in accordance with the following rules and procedures:

- (a) if less than all of the outstanding Series 1 Preferred Shares are at any time to be redeemed, the number of Series 1 Preferred Shares to be redeemed from each holder thereof will be that proportion of the number of Series 1 Preferred Shares held by such holder that the number of Series 1 Preferred Shares to be redeemed bears to the total number of Series 1 Preferred Shares outstanding, except that
- (i) the Company will not be required to redeem any fraction of a share and may depart from such pro rata redemption in such manner and to such extent as it deems necessary in order to avoid fractions, and
  - (ii) the Company may redeem Series 1 Preferred Shares pursuant to Article 96(b) as and when the certificates therefor are delivered to the registered office of the Company;

(b) a holder of a Series 1 Preferred Share may waive notice of redemption or consent to the abridgement of the time for giving such notice, and if the notice is waived the Company will be deemed to have given a notice specifying as the date for redemption the date the redemption actually occurs;

(c) a notice of redemption will be mailed by letter, postage prepaid, addressed to each holder of Series 1 Preferred Shares to be redeemed at the address for such holder as it appears in the records of the Company or, if the address of any such holder does not appear in the records of the Company then to the last known address of such holder, and will set out

(i) the date on which redemption is to take place,

(ii) the Redemption Price,

(iii) if less than all the Series 1 Preferred Shares held by the person to whom the notice is directed are to be redeemed, the number thereof to be redeemed; and

(iv) for any notice given before July 30, 2000, the calculation of Current Market Price and the adjustments, if any, made to the Conversion Rate pursuant to this Part before the notice is given;

(d) a Series 1 Preferred Share in respect of which the Redemption Price is paid as provided in this Part will thereupon be and be deemed to be redeemed and the certificate representing such share will be cancelled;

(e) if less than all the Series 1 Preferred Shares evidenced by a certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company;

(f) after the date for redemption specified in a notice of redemption, the holder of a Series 1 Preferred Share called for redemption will not be entitled to exercise any of the rights of a holder thereof unless payment of the Redemption Price is not made on presentation of the certificate therefor in accordance with the provisions of this Part, in which case the rights of such holder will thereupon be restored;

(g) if the holder of a Series 1 Preferred Share to be redeemed fails to present and surrender the certificate evidencing such share before the expiration of 15 days after the date specified for redemption, the Company may deposit the Redemption Price for the share to a special account in any chartered bank or trust company in Canada to be paid without interest to or to the order of the holder upon presentation and surrender to such bank or trust company of such certificate, and upon the making of such deposit every Series 1 Preferred Share in respect of which the deposit is made will be deemed to be redeemed and the rights of the holder thereof after such deposit will be

limited to receiving without interest the Redemption Price therefor so deposited against presentation and surrender of the certificate;

(h) where notice of redemption of one or more Series 1 Preferred Shares has been given by the Company, no transfer of any Series 1 Preferred Share may be made by a holder to whom the particular notice was directed unless

(i) the number of Series 1 Preferred Shares held by the holder after the transfer will equal or exceed the aggregate number of such shares held by the holder that are to be redeemed pursuant to the particular notice and any other outstanding notice of redemption,

(ii) the redemption required by the particular notice has occurred, or

(iii) the holder's rights with respect to the shares to have been redeemed pursuant to the particular notice have been restored pursuant to paragraph (f);

(i) if a Series 1 Preferred Share is deemed to be redeemed pursuant to paragraph (g), the holder of such share at the time of the deemed redemption may not transfer any Series 1 Preferred Share until such holder has presented and surrendered to the Company or, if applicable, the chartered bank or trust company with which the Redemption Price has been deposited, a certificate or certificates evidencing not less than the number of Series 1 Preferred Shares held by such holder as to which paragraph (g) is applicable;

(j) if a holder of one or more Series 1 Preferred Shares to whom the Company has given a notice of redemption pursuant to Article 95 exercises the right to convert one or more Series 1 Preferred Shares pursuant to Article 101 before the redemption occurs, the number of Series 1 Preferred Shares to be redeemed from such holder will be the lesser of

(i) the number of Series 1 Preferred Shares to be redeemed from such holder pursuant to the notice of redemption, and

(ii) the number of Series 1 Preferred Shares held by such holder after giving effect to such conversion; and

(k) the Company's option to pay the Redemption Price for any Series 1 Preferred Share by issuing Common shares is subject to

(i) such Common shares being duly and validly allotted and issued as fully paid and non-assessable shares in the capital of the Company,

(ii) receipt by the Company of all necessary approvals, consents and exemptions of applicable stock exchanges and securities regulatory authorities in Canada for the issue of such shares,



(iii) such Common shares being listed, upon issuance, on a stock exchange in Canada; and

(iv) a limit on the number of Common shares that may be issued for such purpose equal to the greater of

(A) the product obtained when 2,500,000 is multiplied by the Conversion Rate, and

(B) such number of Common shares as is approved by The Toronto Stock Exchange.

### **Liquidation Entitlement**

99. In the event of the liquidation, dissolution or winding up of the Company, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, each holder of a Series 1 Preferred Share will be entitled to be paid, in respect of each such share held by such holder, in preference to and priority over any distribution or payment on any Equity Share or any other share ranking junior to the Series 1 Preferred Shares with respect to the right to receive assets of the Company on a dissolution or winding up, the amount that would be the Redemption Price therefor if the date of payment had been the date of the redemption of such share, and after the payment of such amount such holder will not as such be entitled to participate in any further distribution of the property or assets of the Company.

### **Restrictions on Voting and Participation**

100. A holder of a Series 1 Preferred Share will not as such be entitled

(a) to receive notice of, attend or vote at any general meeting of the Company while any share other than a Series 1 Preferred Share is outstanding,

(b) to subscribe for or purchase any part of any issue of shares, bonds, debentures or other securities of the Company, except as required by law, while any share other than a Series 1 Preferred Share is outstanding, or

(c) to any dividend or otherwise to participate in any surplus of the Company, except as provided in this Part, while any share other than a Series 1 Preferred Share is outstanding.

### **Conversion**

101. At any time and from time to time before July 30, 2002, any holder of one or more Series 1 Preferred Shares may, at the holder's option, convert all or any such shares into the number of fully paid and non-assessable Common shares equal to the product obtained when

(a) the number of Series 1 Preferred Shares to be converted  
is multiplied by

(b) the Conversion Rate determined in accordance with Article 107.

#### Conversion Notice

102. In order to effect a conversion of Series 1 Preferred Shares, the holder thereof must

(a) deliver to the transfer agent for the Common shares a notice in writing signed by the holder directed to the Company requesting the conversion and specifying the number of Series 1 Preferred Shares to be converted, together with one or more certificates registered in the name of the holder aggregating not less than the number of Series 1 Preferred Shares requested to be converted and not endorsed for transfer to any specified transferee, and

(b) pay to such transfer agent any fee, tax or other charge that is or may be payable to any governmental authority by reason of the conversion.

#### Issuance of Certificates

103. The conversion of any Series 1 Preferred Shares into Common shares will be deemed to have been effected upon compliance by the holder with the provisions of Article 102 and upon such compliance

(a) the Company will pay to the holder of such shares all unpaid dividends accrued on such shares to, but not including, the date of such conversion,

(b) the Company will issue to the holder one or more certificates registered in the name of the holder, or such other person designated by the holder in the notice of conversion, representing the Common shares into which such Series 1 Preferred Shares have been converted and one or more certificates registered in the name of the holder representing any Series 1 Preferred Shares represented by any certificate delivered to the transfer agent that have not been converted, and

(c) the Common shares into which such Series 1 Preferred Shares have been converted will be duly and validly allotted and issued as fully paid and non-assessable shares in the capital of the Company.

#### Fractional Shares

104. If, on the conversion of one or more Series 1 Preferred Shares, the holder thereof would be entitled to receive a fraction of a Common share, the Company will pay to

the holder, in lieu of such fraction, an amount in cash equal to that fraction of the Current Market Price on the date of such conversion.

#### **Status of Converted and Redeemed Shares**

105. Each Series 1 Preferred Share converted or redeemed pursuant to this Part will be cancelled and returned to the authorized and unissued capital of the Company but may not be reissued.

#### **Number of Authorized Common Shares**

106. The Company will

(a) not allot or issue any share or subdivide any issued share, cancel or consolidate any unissued share or otherwise reorganize its capital such that after such allotment, issue, subdivision, cancellation, consolidation or other reorganization, a total number of authorized Common shares that are not outstanding or allotted (other than such shares as are conditionally allotted in accordance with paragraph (b)) is less than the number required to permit the conversion of every outstanding Series 1 Preferred Share, and

(b) at all times while a Series 1 Preferred Shares is outstanding, reserve and conditionally allot to holders of Series 1 Preferred Shares who may exercise their conversion rights under Article 101 such number of Common Shares as would then be issuable on the conversion of all outstanding Series 1 Preferred Shares.

#### **Conversion Rate**

107. Subject to adjustment pursuant to Article 108 to Article 115, the Conversion Rate will be one Common share for each Series 1 Preferred Share.

#### **Share Reorganization**

108. Whenever the Company

(a) issues Equity Shares (or securities convertible into or exchangeable for Equity Shares) to all or substantially all of the holders of Equity Shares by way of a stock dividend,

(b) subdivides the outstanding Equity Shares into a greater number of shares, or

(c) combines, consolidates or reduces the outstanding Equity Shares into a lesser number of shares,

(each of such events being herein called a "Share Reorganization"), the Conversion Rate will be adjusted, effective immediately after the record date for such stock dividend or, in the case of a Share Reorganization other than a stock dividend, effective immediately after the date on which such Share Reorganization is effective, to be the product obtained when

- (d) the Conversion Rate in effect on such record date or effective date immediately before giving effect to the Share Reorganization

is multiplied by

- (e) the quotient obtained when

- (i) the aggregate of

- (A) the number of Equity Shares outstanding immediately after such record date or effective date after giving effect to the Share Reorganization, and

- (B) the maximum number of Equity Shares (to the extent not included in clause (A)) for or into which the securities so issued pursuant to the Share Reorganization may be converted or exchanged

is divided by

- (ii) the number of Equity Shares outstanding immediately before such record date or effective date before giving effect to the Share Reorganization.

#### **Calculations on Fully Diluted Basis**

109. In the determination of the number of Equity Shares outstanding at any time for the purpose of Article 108, there will be included Equity Shares that would have resulted from the conversion or exchange at that time of all securities of the Company then outstanding that have anti-dilution protection similar to that contained in Article 108 and are then convertible or exchangeable into Equity Shares at a conversion or exchange price not more than the Current Market Price at that time. Equity Shares and the Equity Shares that would be issued on the conversion and exchange of all securities convertible into or exchangeable for Equity Shares that are issued or to be issued under a Share Reorganization will be deemed to be outstanding immediately after the record date for such Share Reorganization that is a stock dividend for the purpose of calculating the number of outstanding Equity Shares under Articles 110 and 111.

#### **Rights Offering**

110. Whenever the Company fixes a record date for the issuance of rights, options or warrants to all or substantially all of the holders of Equity Shares pursuant to which such holders are entitled, during a period (the "Rights Period") ending not more than 45 days after

such record date, to subscribe for, purchase or otherwise acquire Equity Shares or securities convertible into or exchangeable for one or more Equity Shares or fractions thereof, otherwise than by an issue of

(a) rights, options or warrants to acquire Equity Shares at a price per share that is 95% or more of the Current Market Price on the earlier of the record date and the time on which the Company announces its intention to make such an issuance, or

(b) rights, to receive in lieu of a cash dividend, or to reinvest such a dividend in, Equity Shares or securities so convertible or exchangeable, having a value, as at the time of declaration of the dividend, substantially equivalent to the amount of the dividend

(any such issuance not so excepted being herein called a "Rights Offering"), the Conversion Rate will be adjusted, effective immediately after such record date to be equal to the product obtained when

(c) the Conversion Rate in effect on such record date

is multiplied by

(d) the quotient obtained when

(i) the aggregate of

(A) the number of Equity Shares outstanding on such record date,

(B) the number of Equity Shares that would be issued on the exercise of all rights, options and warrants issued under the Rights Offering, and

(C) the maximum number of Equity Shares for or into which the securities so offered pursuant to the Rights Offering may be converted or exchanged

is divided by

(ii) the aggregate of

(A) the number of Equity Shares outstanding on such record date, and

(B) the lesser of

(I) the total number of Equity Shares that would be issued on

1. the exercise of all rights, options or warrants issued under the Rights Offering, and
  2. the conversion or exchange of securities offered pursuant to the Rights Offering, and
- (II) the quotient obtained when
1. the aggregate consideration that would be paid on
    - 1.1 the exercise of all such rights, options or warrants to acquire Equity Shares, or
    - 1.2 the conversion or exchange of such securities that are convertible or exchangeable into Equity Shares
- is divided by
2. the Current Market Price on such record date.

To the extent that any rights, options or warrants are not so issued or any of the rights, options or warrants so issued are not exercised before the expiration thereof, or any convertible or exchangeable securities are not so converted into or exchanged for Equity Shares before the expiration of the right to do so, the Conversion Rate will be readjusted to the Conversion Rate in effect immediately before the record date, and the Conversion Rate will be further adjusted based upon the number of additional Equity Shares actually delivered upon the exercise of the rights, options or warrants, or issued upon the conversion or exchange of the convertible or exchangeable securities, as the case may be, but subject to any other adjustment required hereunder by reason of any event arising after the record date.

### **Special Distribution**

111. Whenever the Company fixes a record date for the making of a distribution (other than a Dividend in the Ordinary Course, Share Reorganization or Rights Offering), to all or substantially all of the holders of Equity Shares of

- (a) shares of any class other than Equity Shares whether of the Company or any other corporation,
- (b) rights, options or warrants,
- (c) evidences of indebtedness, or
- (d) cash, property or other assets (other than with respect to paragraphs (a), (b) and (c) above),

(each of such events being herein called a "Special Distribution"), the Conversion Rate will be adjusted, immediately after such record date to be equal to the product obtained when

(e) the Conversion Rate in effect on such record date

is multiplied by

(f) the quotient obtained when

(i) the product obtained when

(A) the number of Equity Shares outstanding on such record date

is multiplied by

(B) the Current Market Price on such record date

is divided by

(ii) the amount by which

(A) the product obtained in subparagraph (i)

exceeds

(B) the amount by which

(I) the aggregate fair market value (as determined by the board, acting reasonably) of the shares, rights, options, warrants, evidences of indebtedness, cash, property or assets, as the case may be, distributed in the Special Distribution

exceeds

(II) the fair market value (as determined by the board, acting reasonably) of the consideration, if any, received therefor by the Company,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Conversion Rate in effect immediately before such record date. To the extent that such distribution is not so made, the Conversion Rate will be readjusted to the Conversion Rate in effect immediately before the record date, but subject to any other adjustment required hereunder by reason of any event arising after the record date.

## Corporate Reorganization

112. Whenever there is

- (a) a reclassification of or change to the Equity Shares or any other capital reorganization of the Company,
- (b) a consolidation, arrangement, merger or amalgamation of the Company with or into another body corporate resulting in a reclassification of Equity Shares or a change of Equity Shares into other shares or securities, or
- (c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a "Corporate Reorganization") to which none of Article 108, Article 110 or Article 111 applies, a holder of Series 1 Preferred Shares who thereafter converts one or more such shares will acquire and will accept in lieu of the Common shares to which such holder would otherwise have been entitled, the number or amount and class, series or kind of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, such holder had been the holder of the number of Common shares that such holder would have acquired by the conversion of such Series 1 Preferred Shares immediately before the Corporate Reorganization.

## Adjustment Rules

113. The following rules and procedures will be applicable to adjustments made pursuant to this Part:

- (a) the adjustments and readjustments provided for in this Part are cumulative and, subject to paragraph (b), will apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions, reorganizations and other events that require such an adjustment;
- (b) no adjustment in the Conversion Rate will be made unless it would result in a change of at least 1% in the number of Common shares to be issued on a conversion and any adjustment that, except for the provisions of this paragraph (b), would have been required to be made, will be carried forward and taken into account in any subsequent adjustment and will in any event be made at the time of conversion of any Series 1 Preferred Share;
- (c) no such adjustment will be made in respect of an event described in Article 108, Article 110, Article 111 or Article 112 if the holders of Series 1 Preferred Shares are entitled to participate in the event on the same terms, mutatis mutandis, as if they had converted their Series 1 Preferred Shares immediately before the effective date of or record date for the event;



(d) no such adjustment will be made in respect of the issue of Common shares pursuant to

(i) a conversion of Series 1 Preferred Shares, or

(ii) a share option, purchase or incentive plan for directors, officers or employees of the Company or of a Subsidiary of the Company that has been approved by the Toronto Stock Exchange or such other stock exchange in Canada on which the Common shares are listed;

(e) for the purposes of Articles 108, 110, 111 and 112, there will be deemed not to be outstanding any Equity Share owned by or held for the account of the Company or any wholly-owned subsidiary of the Company;

(f) any dispute that arises at any time with respect to any adjustment pursuant to this Part will be conclusively determined by the auditors of the Company or, if they are unable or unwilling to act, by such firm of independent chartered accountants as is selected by the board, and any such determination will be binding on the Company and all transfer agents and shareholders of the Company;

(g) in the absence of a resolution of the board fixing the record date for an event referred to Article 108, Article 110, Article 111 or Article 112, and except as otherwise required by law, the Company will be deemed to have fixed as the record date therefor the date on which the event is effected;

(h) if the Company sets a record date to determine the holders of Common shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights, and thereafter legally abandons its plans to pay or deliver the dividend, distribution or subscription or purchase rights, then no adjustment to the Conversion Rate will be required by reason of the setting of the record date; and

(i) the adjustment of the Conversion Rate under this Part will be made successively, provided that if two or more record dates, effective dates, or dates of announcement referred to in Article 108, Article 110, Article 111 or Article 112 are fixed within a period of 15 trading days or such longer period over which Current Market Price is determined, the adjustment will be made successively as if each such record date, effective date or dates of announcement occurred on the earliest of such record dates, effective dates or dates of announcement.

#### Postponement of Issue of Shares, etc.

114. In any case in which an adjustment to the Conversion Rate under this Part is to take effect immediately after the effective date of or record date for an event, and a Series 1 Preferred Share is converted after that date and before the consummation of the event (which in the case of an issue of rights, options or warrants will be the date of such issue), the

Company may postpone until such consummation issuing to the holder of such Series 1 Preferred Share such of the Common shares or other property to which such holder is entitled pursuant to such exercise as exceeds those to which such holder would have been entitled if such Series 1 Preferred Share had been converted immediately before that date, provided that the Company delivers to such holder an appropriate instrument evidencing such holder's right to receive such additional Common shares or other property on the occurrence and consummation of such event and the right to receive any dividend or other distribution in respect of the Common shares or other property declared in favour of the holders of record thereof on or after that date or such later date of which such holder would, but for the provisions of this Article, have become the holder of record.

#### Notice of Certain Events

115. At least 21 days before the effective date of or record date for an event referred to in this Part that requires or might require an adjustment of the Conversion Rate, the Company will give notice to the holders of Series 1 Preferred Shares of the particulars of the event and, to the extent determinable, any adjustment required.

#### Subsequent Notice

116. If an adjustment for which a notice pursuant to Article 115 is given is not then determinable, the Company will promptly after the adjustment is determinable give notice to the holders of Series 1 Preferred Shares of the adjustment.

#### Good Faith Actions

117. The Company will not take any voluntary action to prejudice or interfere with the rights of the holders of Series 1 Preferred Shares as set forth in this Part, and will at all times, in good faith, take all action as may be necessary or appropriate to

- (a) duly and validly issue fully paid and non-assessable Common shares on the conversion of all Series 1 Preferred Shares from time to time outstanding,
- (b) obtain and maintain all authorizations, exemptions and consents from any public regulatory body in Canada having jurisdiction as may be necessary for the issuance of such shares, and
- (c) have such Common shares listed on such stock exchange in Canada, if any, as the outstanding Common shares are listed.

#### Restrictions on Share Issuances

118. The Company will not, without the prior approval by separate resolution of the holders of the Series 1 Preferred Shares consented to in writing by all such holders or passed by a majority of at least three-quarters of the votes cast at a meeting of such holders,

- (a) increase the number of authorized Series 1 Preferred Shares over the number fixed by the board before the first issuance of such shares,
- (b) re-issue any Series 1 Preferred Share that has been converted or redeemed pursuant to this Part, or
- (c) create or issue any share in the capital of the Company that would rank in priority, with respect to dividends or the right to receive assets of the Company on a liquidation or winding-up of the Company, to the Series 1 Preferred Shares.

### **Payments**

119. All amounts payable by the Company to a holder of Series 1 Preferred Shares will be

- (a) subject to deduction for amounts the Company is required to withhold pursuant to applicable tax legislation,
- (b) paid in Canadian currency, and
- (c) unless otherwise provided in this Part, paid by cheque or by electronic transfer of funds to be delivered or made available to the holder before 11:00 a.m. (Vancouver, Canada time) at a bank in Canada specified in writing not less than 10 days before the day on which payment is due, such written specification to be effective until revoked or modified. If no such bank is specified by a holder of Series 1 Preferred Shares, a cheque drawn by the Company will be mailed to the last known address for such holder and such mailing will be deemed to be full payment of the amount represented by such cheque unless the cheque is not honoured upon presentation.

### **Definitions**

120. For the purposes of this Part, the following terms will have the following meanings:

- (a) **business day** means a day that is not a Saturday or Sunday, and is not a holiday in British Columbia;
- (b) **Conversion Rate** has the meaning set out in Article 107;
- (c) **Current Market Price** means, at any particular date, the weighted average price per share at which Common shares have traded on The Toronto Stock Exchange (if such shares are then listed on The Toronto Stock Exchange) or, if not listed on The Toronto Stock Exchange, the Vancouver Stock Exchange or, if the Common shares are not then listed on either such stock exchange, on such other stock exchange which such shares are listed as is selected by the board for the purposes of

determining the current market price, or if the Common shares are not listed on any stock exchange, then on the over-the-counter market, during the most recent 10 trading days on each of which at least 500 Common shares are traded in board lots the last day of which is at least 5 trading days before the particular date, and determined by dividing the aggregate sale price of the Common shares sold on the applicable stock exchange or market during such 10 trading days by the total number of Common shares so sold;

(d) **Dividend in the Ordinary Course** means a dividend or other distribution paid or made by the Company in a particular calendar year (other than a dividend on the Series 1 Preferred Shares), to the extent that the total amount of such dividend or other distribution together with the amounts of all other dividends and other distributions previously paid or made by the Company in such calendar year, does not exceed the greater of

(i) 200% of all dividends and other distributions (other than dividends on the Series 1 Preferred shares) paid or made by the Company in the previous calendar year,

(ii) the total dividends and other distributions (other than dividends on the Series 1 Preferred Shares) paid or made by the Company in the previous three calendar years, and

(iii) the consolidated earnings of the Company and every subsidiary of the Company for the previous calendar year, determined in accordance with generally accepted accounting principles applicable to the Company

and for the purposes of subparagraphs (i) and (ii) the value of a stock dividend paid in Common shares will be an amount equal to the Current Market Price for Common shares on the date such dividend is declared and, for other stock dividends and non-cash distributions will be an amount equal to the fair market value thereof as determined by the board, acting reasonably, at the time such other dividend or non-cash distribution is declared or authorized.

(e) **Equity Shares** means the Common shares, the Class B Common shares or any other shares in the capital of the Company the holders of which have a residual right to participate in the earnings of the Company and, upon the liquidation or winding-up of the Company, in its assets;


(f) **Redemption Price** has the meaning as set out in Article 94; and

(g) **trading day** means a day on which The Toronto Stock Exchange, or if the Common shares are not listed on The Toronto Stock Exchange then such stock exchange or over-the-counter market on which such shares are listed or quoted, is open for business.

HEREBY CERTIFY THAT THIS IS A COPY  
OF A DOCUMENT FILED WITH THE  
REGISTRAR OF COMPANIES ON  
**JUL 10 1995**

PROVINCE OF BRITISH COLUMBIA

FORM 21  
(Section 371)

  
FOR REGISTRAR OF COMPANIES  
FOR THE PROVINCE OF BRITISH COLUMBIA

Certificate of Incorporation No. **71976**

**COMPANY ACT**

**SPECIAL RESOLUTION**

The following special resolution was passed by the undermentioned company on the date stated:

Name of company: **WEST FRASER TIMBER CO. LTD.**

Date resolution passed: **JULY 10, 1995**

Resolution:

**"RESOLVED, as a special resolution that:**

1. The Memorandum of the Company be amended by creating 10,000,000 Preferred shares without par value such that the Memorandum of the Company, to be filed with the Registrar of Companies, be altered to be in the form set out in Exhibit 1 to this resolution;
2. There be attached to the Preferred shares the rights, privileges, restrictions and conditions set out in Exhibit 2 to this resolution, and the Articles of the Company be amended accordingly;
3. The board of directors of the Company is hereby authorized to revoke this resolution before it is acted upon by the Company, without further approval of the shareholders of the Company; and
4. Any officer of the Company is hereby authorized on behalf of the Company to file with the Registrar of Companies all documents such officer deems necessary or desirable to effect the creation of the Preferred shares and to pay all such fees and do all such other acts and things on behalf of the Company as in such officer's opinion is necessary or desirable in connection with the foregoing."

Certified a true copy **JULY 10, 1995.**

(Signature)

  
**NOORDIN S.K. NANJI**

for **LANG MICHENER LAWRENCE & SHAW**

(Relationship to Company) **Solicitor**

**EXHIBIT 1**

**BRITISH COLUMBIA  
COMPANY ACT**

**ALTERED MEMORANDUM**

**OF**

**WEST FRASER TIMBER CO. LTD.**

(As altered by special resolution dated July 10, 1995)

1. The name of the Company is "**WEST FRASER TIMBER CO. LTD.**".
2. The authorized capital of the Company consists of 80,000,000 shares divided into:
  - (a) Fifty Million (50,000,000) Common shares without par value;
  - (b) Twenty Million (20,000,000) Class B Common shares without par value;
  - (c) Ten Million (10,000,000) Preferred shares without par value.
3. There be attached to the Common shares, the Class B Common shares and the Preferred shares the special rights and restrictions set out in the Articles of the Company.

DDM\WFT\ALT.MEM

## **EXHIBIT 2**

### **PART 14**

#### **SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO PREFERRED SHARES**

90. There are attached to the Preferred shares as a class the following special rights and restrictions:

(a) the board may at any time and from time to time issue Preferred shares in one or more series, each series to consist of such number of shares as is determined by the board before the issue of any thereof;

(b) except for such voting rights as may be included in the special rights and restrictions attached to shares of a series that come into effect upon the failure by the Company to pay any dividend or amount required on a redemption, a holder of a Preferred share will not as such be entitled to receive notice of, attend, speak or vote at a general meeting of the members unless no share in the capital of the Company other than a Preferred share is outstanding and held by a person other than the Company or a subsidiary of the Company;

(c) holders of Preferred shares will be entitled to

(i) preference with respect to payment of dividends on such shares over the payment of dividends on the Common shares and Class B Common shares and on any other shares ranking junior to the Preferred shares with respect to the payment of dividends, and

(ii) in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its members for the purpose of winding up its affairs, preference on a distribution of assets

(A) in repayment of capital, over any distribution to holders of Common shares or Class B Common shares or to holders of other shares not ranking with respect to such distribution equally with or in priority to the repayment of capital on the Preferred shares, and

(B) on account of undeclared accumulated dividends, over any distribution to holders of Common shares or Class B Common shares or any distribution to holders of other shares not ranking with respect to such distribution equally with or in priority to the payment of dividends on the Preferred shares;

(d) the Company will not without, but may from time to time with, the approval by a separate class resolution of the holders of the Preferred shares given in accordance with Article 90(f),

(i) increase the authorized number of Preferred shares,

(ii) attach special rights and restriction to, or alter or vary the special rights and restrictions attached to, shares of any other class whereby such shares rank equally with or in priority to the Preferred shares with respect to the declaration or payment of dividends or the distribution of the assets of the Company among its members for any reason,

(iii) create or increase the authorized number of shares of any class ranking equally with or in priority to the Preferred shares with respect to the declaration or payment of dividends or the distribution of the assets of the Company among its members for any reason,

(iv) alter, vary or abrogate the special rights or restrictions attaching to the Preferred shares as a class;

(e) the Board will, before the final issue of Preferred shares of any series, alter the Memorandum or Articles of the Company or both to fix the number of Preferred shares in, and to determine the designation of and the preferences, privileges, rights, restrictions, conditions and limitations to be attached to, the Preferred shares of that series;

(f) approval by separate class resolution of the holders of Preferred shares must be by a separate resolution

(i) consented to in writing by all holders of Preferred shares, or

(ii) presented at a meeting of holders of Preferred shares, called for such purpose in accordance with these Articles, at which one or more persons are present representing in person or by proxy at least one-third of the issued and outstanding Preferred shares, and passed by the affirmative vote of at least 75% of the votes cast.



MAY 04 1990

FORM 21  
(Section 371)

Bruce Weller  
ASSISTANT DEPUTY REGISTRAR OF COMPANIES  
FOR THE PROVINCE OF BRITISH COLUMBIA

PROVINCE OF BRITISH COLUMBIA

Certificate of Incorporation No. 71,976

COMPANY ACT

SPECIAL RESOLUTION

The following special resolution was passed by the  
undermentioned Company on the date stated:

Name of Company: West Fraser Timber Co. Ltd.


Date resolution passed: May /       , 1990

Resolution:

"RESOLVED, as a special resolution, that the Articles of the  
Company be altered by adding after Article 50, Article 50A as  
follows:

"50A. A director may participate in a meeting of the board  
or of a committee of the board by telephone or other  
communications facility that permits all participants in  
the meeting to hear each other, and a director who  
participates in the meeting by those means will be counted  
as present at the meeting." "

Certified a true copy May 2, 1990

(Signature) 

Relationship to Company: ASSISTANT  
SECRETARY

Z151/311

I HEREBY CERTIFY THAT THESE RE  
COPIES OF THE RESOLUTIONS AND THE  
REGISTERED STATEMENT OF CHANGES ON

MAY 13 1988

FORM 21  
(Section 371)

REGISTERED  
FOR THE PROVINCE OF BRITISH COLUMBIA

PROVINCE OF BRITISH COLUMBIA

Certificate of Incorporation No. 71,976

COMPANY ACT

SPECIAL RESOLUTION

The following special resolution was passed by the under-mentioned Company on the date stated:

Name of Company: WEST FRASER TIMBER CO. LTD.

Date resolution passed: MAY 3, 1988

Resolution:

"RESOLVED, as special resolutions that

1. The Memorandum of the Company be altered by:

(a) cancelling 2,000,000 Class C Common shares and 2,000,000 Class D Common shares all without par value, and 60,000,000 Class X Special Preference shares, 20,000,000 Class Y Special Preference shares and 30,000,000 Class Z Special Preference shares all with a par value of \$1 each, none of which are issued, and diminishing the authorized capital accordingly;

(b) abrogating the special rights and restrictions attached to the Class X Special Preference shares, Class Y Special Preference shares and Class Z Special Preference shares.

2. The Memorandum of the Company be in the form set forth in Appendix A to this resolution, so that the Memorandum as altered will at the time of filing comply with the Company Act.

3. The Articles of the Company be altered:

(a) by varying the special rights and restrictions attached to the Common shares and the Class B Common shares by deleting Article 89 and substituting therefor Article 89 as follows:

"89. The special rights and restrictions attached to the Common shares and Class B Common shares will be as follows:

(a) no dividend may be declared or paid on any Common or Class B Common share unless a dividend of the same amount per share is concurrently declared or paid, as the case may be, on every other issued share of each such class;

(b) each issued Class B Common share may, at any time at the option of the holder, be exchanged for one Common share;

(c) in order to effect such an exchange a holder must

(i) deliver to a transfer agent of the Company or, if the Company has no transfer agent, to the records office of the Company, a written notice signed by the holder directed to the Company requesting the exchange and specifying the number of Class B Common shares to be exchanged,

(ii) so deliver one or more certificates registered in the name of the holder for not less than the number of Class B Common shares requested to be exchanged not endorsed for transfer to any specified transferee, and

(iii) pay to such transfer agent or, if there is none, to the Company, any transfer fee, tax or other charge that the Company or the transfer agent is or may be obligated to pay to any governmental authority by reason of the exchange;

(d) the exchange will be deemed to have been effected upon compliance by the holder with the provisions of clause (c), and the Company will issue to the holder one or more certificates registered in the name of the holder representing the Common shares into which Class B Common shares represented by a certificate so delivered are so exchanged and one or more certificates registered in the name of the holder representing any Class B Common shares represented by a certificate so delivered that are not so exchanged;

(e) each Class B Common share so exchanged will be restored to the status of an authorized but unissued share of that class;

(f) the Company will not allot or issue any share or subdivide any issued share, cancel or consolidate any unissued share or otherwise reorganize its capital such that after such allotment or issue or subdivision, cancellation, consolidation or other reorganization, the total number of Common shares and Class B Common shares that are outstanding or have been allotted but not issued exceeds the number of Common shares authorized;

(g) at no time while both Common shares and Class B Common shares are outstanding will there be any consolidation or subdivision of the issued shares of either such class without a concurrent equivalent consolidation or subdivision, as the case may be, of the issued shares of the other such class;

(h) except as provided expressly or by implication in this Article, each holder of each issued Common share and each holder of each issued Class B Common share will as such have equal rights, and in particular upon a liquidation of the Company all such shares will rank equally in the distribution of assets without regard to any difference in the amount of paid-up capital per share on the shares of either class;

(b) by abrogating the special rights and restrictions attached to the Class X Special Preference Shares, Class Y Special Preference Shares and Class Z Special Preference Shares, by deleting Part 14 - Special Rights and Restrictions attached to Special Preference Shares, Articles 90 to 109."

Certified a true copy the 10th day of May, 1988.

(Signature) \_\_\_\_\_

C. Paul Daniels

(Relationship to Company) Secretary

APPENDIX A

FORM 1

(Section 5)

"Company Act"

MEMORANDUM  
(ALTERED)

of

WEST FRASER TIMBER CO. LTD.

(As to Resolution passed May 31/70)

1. The name of the Company is "WEST FRASER TIMBER CO. LTD.".
2. The authorized capital of the Company consists of 70,000,000 shares divided into 50,000,000 Common shares and 20,000,000 Class B Common shares, all without par value.
3. There will be attached to the Common shares and Class B Common shares the special rights and restrictions set forth in the Articles of the Company.

HEREBY CERTIFY THAT THIS IS A COPY  
OF A DOCUMENT FILED WITH THE  
REGISTRAR OF COMPANIES ON

FORM 21  
(Section 371)  
PROVINCE OF BRITISH COLUMBIA

APR 7 - 1986

Certificate of Incorporation No. 71,976

COMPANY ACT

SPECIAL RESOLUTION

The following special resolution was passed by the  
undermentioned Company on the date stated:

Name of Company: WEST FRASER TIMBER CO. LTD.

Date resolution passed: April 4, 1986.

Resolution:

"RESOLVED, as a special resolution, that the Articles of the  
Company be altered by varying the special rights and  
restrictions attached to the Class X Special Preference Shares,  
Class Y Special Preference Shares and Class Z Special  
Preference Shares by

(a) adding after Article 106, Article 106A as follows:

"106A. The Company will on December 31, 2006 redeem  
all outstanding Class Z Special Preference Shares and  
pay the redemption price therefor.", and

(b) deleting clause (c) of Sub-Article 93(2) and  
substituting therefor the following:

"(c) be substantially in such form as may most  
recently before the redemption have been agreed in  
writing by the Company and all the holders at the time  
of such agreement of shares of the class being  
redeemed or of the shares of West Fraser Mills Ltd. in  
exchange for which shares of the class being redeemed  
were issued."."

Certified a true copy April 4, 1986.

(Signature) C. Paul Daniels

(Relationship to Company) Secretary

CPD/6773b(0181b)

3  
HEREBY CERTIFY THAT THIS IS A COPY  
OF A DOCUMENT FILED WITH THE  
REGISTRAR OF COMPANIES ON

FORM 2.

(Section 371)

PROVINCE OF BRITISH COLUMBIA

SEP 19 1984

Certificate of  
Incorporation No. 71,976

COMPANY ACT

for REGISTRAR OF COMPANIES  
FOR THE PROVINCE OF BRITISH COLUMBIA

SPECIAL RESOLUTION

The following special resolution was passed by the undermentioned Company on the date  
stated:

Name of Company: WEST FRASER TIMBER CO. LTD.

Date resolution passed: September 18 (month, day), 19 84.

[see note (a)]

Resolution:

- RESOLVED, as a special resolution, that the Articles of  
the Company be repealed and that the Articles, in the  
form of the draft submitted to this meeting of which a  
copy is made as Appendix "D" to these minutes, be adopted  
as the Articles of the Company.

Certified a true copy

September 19

(month, day), 19 84.

(Signature)

(Relationship to Company)

C. Paul Daniels (Solicitor)  
for LAWRENCE & SHAW

[NOTE.—

- (a) Insert text of special resolution.  
(b) See section 1 (1) for definition of "special resolution".]

"COMPANY ACT"  
ARTICLES  
OF  
WEST FRASER TIMBER CO. LTD.

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CANADA  
BRITISH COLUMBIA  
"COMPANY ACT"  
ARTICLES  
OF  
WEST FRASER TIMBER CO. LTD.

PART 1 - DEFINITIONS AND CONSTRUCTION

1. In these Articles, except as the context otherwise requires,
  - (a) "board" means the board of directors for the time being of the Company,
  - (b) "Company Act" means the Company Act of British Columbia and regulations thereunder from time to time in force,
  - (c) "registered address" of a member means the address of the member as recorded in the Company's register of members,
  - (d) "registered address" of a director means the address of the director as recorded in the Company's register of directors,
  - (e) words or expressions contained in these Articles bear the same meaning as in the Company Act or any statutory modification thereof in force on the date on which these Articles come into effect,
  - (f) expressions referring to writing include printing, typewriting, lithography, photography and any other means of presenting language in visible and lasting form, and
  - (g) words importing the singular include the plural and vice versa, words importing a male person include a female, and words importing an individual include a corporation.
2. To the extent there is any conflict between any provision of these Articles and the Memorandum or the Company Act, these Articles will be deemed amended as necessary to conform with the Memorandum and the Act.

3. If any provision of these Articles is in whole or in part void, illegal or invalid, the remaining provisions will be construed and take effect as if every provision or part thereof which so offends had been omitted.

## PART 2 - SHARE CAPITAL

4. The Company may allot and issue its shares at such times, in such manner and to such persons, or class of persons, as the directors determine.

5. The board will determine the price or consideration at or for which the shares are to be allotted and issued.

6. The Company may by resolution of the board purchase any of its issued shares.

7. The Company may by ordinary resolution alter its Memorandum to increase its authorized capital by

(a) creating shares with par value or shares without par value or both,

(b) increasing the number of shares of any class with par value or shares of any class without par value or both, or

(c) increasing the par value of a class of shares with par value, if no shares of that class are issued.

8. The Company may, to the extent permitted by law, pay a commission or allow a discount to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for shares in the capital of the Company.

## PART 3 - REGISTRATION OF MEMBERS AND SHARE CERTIFICATES

9. Except as these Articles otherwise provide, the Company and its directors, officers and agents may treat the registered holder of a share as the absolute owner thereof, and will not, except as required by statute or as ordered by a court of competent jurisdiction, be bound to recognize even when having notice thereof, any claim to, interest in, or right in respect of such share on the part of any other person.

10. A share held in the names of two or more persons will be deemed to be held jointly.

11. Except in the case of the personal representatives of, or trustees of the estate of, a deceased member, the Company may refuse to register more than three persons as joint holders of a share.

12. A share certificate may be delivered to a member entitled thereto by mailing it by prepaid registered post in the manner provided in these Articles for the giving of notices, or otherwise as directed by the member in writing, and neither the Company nor its transfer agent will be liable for any loss occasioned to a member or person claiming through a member by reason that a share certificate so mailed or so otherwise sent is not received by the addressee.

13. A certificate for a share registered in the names of two or more persons may be delivered to or to the direction of any one of them.

#### PART 4 - TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

14. For the purpose of countersigning, issuing, registering, transferring, cancelling and certifying the shares and share certificates of the Company, the Company may appoint

(a) a registrar,

(b) one or more transfer agents, one of whom may be the registrar, and

(c) one or more branch transfer agencies and securities registrars both in and outside British Columbia.

15. For the purpose of these Articles "instrument of transfer" means

(a) such form of transfer as may appear on the back of the share certificate representing the share proposed to be transferred, or

(b) such form of separate transfer document as may from time to time be in general use.

16. (1) In order to effect a transfer of a share

(a) an instrument of transfer must be executed by the registered holder of the share, or his attorney duly authorized in writing,

(b) the execution of the instrument of transfer and any acknowledgment must be attested and validated as, in either case the board from time to time reasonably requires, and

(c) the certificate representing the share to be transferred, the instrument of transfer and the acknowledgment, if required, must be delivered to the Company's transfer agent or, if the Company has no transfer agent, to the records office of the Company.

(2) There must be a separate instrument of transfer for each class of share proposed to be transferred.

(3) When the transfer agent or the Company receives for the purpose of a proposed share transfer a duly executed instrument of transfer, the Company and its directors, officers and agents, will

(a) where the instrument of transfer designates the transferee, or

(b) where the instrument of transfer was executed and is delivered in blank, and the person by or on whose behalf the instrument of transfer is delivered designates in writing a transferee,

be entitled to treat the person so designated as the beneficial owner of

(c) if the instrument of transfer is endorsed on a share certificate, the number of shares represented by the certificate or such lesser number as may be specified in the instrument of transfer, or

(d) if the instrument of transfer is not so endorsed, such number of shares registered in the name of the transferor as are represented by every unendorsed certificate deposited with the Company or its transfer agent for the purpose of the transfer, or such lesser number as may be specified in the instrument of transfer,

and upon compliance with, and subject to all other provisions of these Articles, the Company will cause the name of the proposed transferee to be entered in the register of members of the Company as holder of each such share.

17. A share may be registered in the name of a person as executor, administrator, guardian, committee, curator or trustee of, or otherwise as fiduciary for, a named person, trust or estate, and

(a) where application is made to issue or transfer a share to a fiduciary, the Company will not be obligated to enquire into the authority of the fiduciary, who will be presumed, as against the Company, to be acting in accordance with his authority unless, in the case of a transfer of a share, the transfer proposed is from the person whose estate or interest is sought to be represented;

(b) in the case of a transfer by a fiduciary, including a transfer by a fiduciary to himself, the Company will not be obligated to enquire into the authority of the fiduciary or the propriety of the transaction or to ascertain whether the fiduciary continues to occupy his office at the time of transfer;

(c) in all cases the Company will be entitled to act on an order of a court of record, wherever constituted or having jurisdiction in proceedings to which the registered holder appears from the order to have been subject, directing a vesting or declaring the ownership of shares, as evidenced by a copy of the order of the court certified as such in accordance with the practice of the court;

(d) any grant of letters probate or letters of administration or order appointing a trustee, guardian, committee, curator or directing a vesting or declaring the ownership of shares, dated not more than one year before the date on which a copy of the grant or order, certified in accordance with the practice of the authority issuing the grant or order, is received by the Company or its transfer agent, will be deemed to be in full force and effect and not to have been amended, revoked or reversed, unless and until there is delivered to the transfer agent of the Company or, if the Company has no transfer agent, to the records office of the Company

(i) a certificate of a court of record appearing to have the required jurisdiction, certified in accordance with the practice of such court, that proceedings have been commenced by way of appeal or otherwise to amend, revoke or reserve the grant or order, or

(ii) a copy of an order of a court of record appearing to have the necessary jurisdiction certified as aforesaid, by which the earlier grant or order is amended, revoked or reversed; and

(e) any certificate or a court of record, certified as aforesaid, and delivered to the transfer agent of the

Company or, if the Company has no transfer agent, to the records office of the Company, to the effect that any grant or order of that court of the nature described in clause (d) remains in full force and effect, and has not been amended, revoked or reversed and that there is not outstanding with respect to the grant or order any proceeding of the nature referred to in clause (d)(i), will create the same presumption as to the validity of the grant or order as though the grant or order bore the same date as the certificate.

18. The Company or its registrar or transfer agent may refuse to recognize the transfer of a share to an infant, bankrupt or person suffering mental infirmity.

19. Where a transfer of a share is completed by registration in the register of members of the Company, the instrument of transfer and any accompanying acknowledgment will be retained by the Company or its transfer agent but where the Company declines to complete a proposed transfer of a share the instrument of transfer, share certificate and other documentation deposited for the purpose of the transfer will, on demand, be returned to the person depositing the same, or other person entitled thereto.

20. There must be paid to the Company or its transfer agent in respect of the registration of any transfer or transmission such fee as the board determines.

21. (1) The personal representative of a deceased member (not being one of several joint holders) will be the only person recognized by the Company as having any title to a share registered in the name of the deceased.

(2) On the death of one of joint registered holders of a share, the survivor or survivors will be the only person or persons recognized by the Company as having any title to or interest in the share.

22. The company may, if authorized by a debenture or any trust indenture pursuant to which a registered debenture has been issued, cause to be kept one or more branch registers of its debenture holders.

#### PART 5 - GENERAL MEETINGS

23. General meetings of the Company will be held at such times and places, in accordance with the Company Act and these Articles as the board determines.

24. Notice of a meeting is sufficient if it specifies the place, the day and the hour of the meeting and the general nature of any business to be considered at the meeting.

25. The accidental omission to give notice of a general meeting to, or the non-receipt of such notice by, any of the persons entitled to receive the notice will not invalidate any proceedings of that meeting or any meeting adjourned therefrom.

26. The quorum for the transaction of business at a general meeting is two individuals present at the commencement of the meeting holding or representing by proxy the holder or holders of shares carrying not less than one-tenth of the votes eligible to be cast at the meeting.

27. Unless a quorum is present at the commencement of a general meeting, no business may be transacted other than the selection of the chairman and the adjournment or termination of the meeting.

28. If by half an hour after the time appointed for a general meeting a quorum is not present, the meeting, if convened upon requisition, will be terminated, and in any other case will stand adjourned to the same day in the next week at the same time and place, or to such later date, other time or other place as the chairman specifies on the adjournment, and if at the adjourned meeting a quorum is not present by half an hour after the time appointed for the meeting, the meeting will then terminate.

29. The chairman of a general meeting will be

(a) the chairman of the board, if any, or

(b) if there is no such chairman or if he is absent or unwilling to act, the president, or

(c) so failing the president, a director present chosen by the directors present, or

(d) if no such director is chosen and willing to act, any individual present as a member, proxyholder, or representative of a corporate member who is duly chosen by the individuals so present.

30. (1) The chairman may, with the consent of the meeting at which a quorum is present, and will in pursuance of a resolution to that effect, adjourn the meeting from time to time and from place to place, but no business will be transacted at an adjourned meeting other than the business left

unfinished at the meeting from which the adjournment takes place.

(2) No notice need be given of an adjournment or of the business to be conducted at an adjourned meeting unless the meeting is adjourned for more than 31 days, in which case not less than 10 days' notice of the adjourned meeting must be given.

31. (1) A member entitled to vote at a general meeting may, by means of a proxy, appoint a proxyholder and such proxyholder will be entitled to attend, speak, act and vote on a show of hands and on a poll for the member and on his behalf at the meeting subject only to any limitation imposed on the authority of the proxyholder by the proxy.

(2) A proxy must be in writing, dated the date on which it is executed, must be executed by the member or his attorney authorized in writing or if the member is a corporation, by a duly authorized officer or attorney of the corporation and, if to apply to less than all the shares registered in the name of the member, must specify the number of shares to which it is to apply.

(3) A proxyholder may be appointed to act for a member at every annual or other general meeting, or at one or more annual or other general meetings that may be held within such period of time from the date of the proxy, accordingly as the proxy specifies.

(4) A proxy will, to the extent that it is inconsistent with another proxy of an earlier date, be deemed to revoke such other proxy.

(5) A vote given in accordance with the terms of a proxy is not invalidated by the previous death, bankruptcy or mental infirmity of the member giving the proxy unless written notice of the death, bankruptcy or infirmity is received by the chairman before the declaration of the result of the vote.

(6) The board may make regulations providing for the deposit of proxies at specified places and at specified times before meetings and adjourned meetings of the Company, and providing for particulars of such proxies to be cabled or telegraphed or sent in writing before the meeting or adjourned meeting to the Company or to any agent of the Company appointed for the purpose of receiving such particulars, and providing that particulars so received will be as effective as though the proxies themselves were deposited.



(7) A proxy may be revoked by an instrument in writing executed by the member or his attorney authorized in writing or, where the member is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the records office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used, or to the chairman of the meeting or any adjournment thereof.

32. A proxy, other than one required by law to be in particular form, will be substantially in the following form:

(Company name)

The undersigned hereby appoints \_\_\_\_\_,  
of \_\_\_\_\_ (or failing him \_\_\_\_\_,  
of \_\_\_\_\_) as proxyholder for the undersigned to  
attend, speak and vote for and on behalf of the undersigned in  
respect of all (or \_\_\_\_\_) shares registered in the  
name of the undersigned at the general meeting of the Company  
to be held on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and at  
any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
(Signature of Member)

33. A corporation which is a member and is not a subsidiary of the Company may, by instrument under the hand of its duly authorized officer or attorney, appoint a representative who, until his appointment is in like manner terminated, will be entitled to attend meetings, act and vote, both on a show of hands and on a poll, either in person or by proxy, and otherwise exercise the rights of membership of the corporation appointing him and will, for all purposes in connection with any meeting of the Company other than the giving of notice, be reckoned as a member holding the shares registered in the name of such corporation.

34. Any one of the joint holders of a share may vote in respect of the share at a general meeting, either personally or by proxyholder or corporate representative, as if he were solely entitled thereto, and if more than one of the joint holders is present or represented by proxyholder or corporate representative that one of them whose name appears first on the register of members in respect of the share, or his proxyholder or representative, will alone be entitled to vote in respect thereof.

35. A member for whom a committee has been duly appointed may vote, whether on a show of hands or on a poll, by his committee and the committee may appoint a proxyholder.

36. (1) A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith and without an intervening adjournment.

(2) The demand for a poll and the carrying out of a poll will not, unless the chairman so rules, prevent the continuance of a meeting for the transaction of business other than that on which the poll is demanded.

37. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

38. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman may exercise a casting vote in addition to any other vote which he may have exercised.

39. The chairman may move, propose or second a resolution.

40. The chairman of a meeting of shareholders will have regard to accepted rules of parliamentary procedure, except that

(a) if disorder arises which prevents continuation of the business of the meeting, the chairman may quit the chair and announce the adjournment of the meeting, and upon his so doing, the general meeting is, notwithstanding Article 30, immediately adjourned;

(b) the chairman may require anyone to leave the meeting who is not a registered shareholder entitled to vote at the meeting or a proxyholder for or corporate representative of such a shareholder;

(c) a resolution or motion will be considered for vote only if proposed by a shareholder, proxyholder or representative of a corporate shareholder and (except for a nomination for election of directors or appointment of auditors) seconded by a shareholder, proxyholder, or representative other than the person who proposed the resolution or motion.

41. The Company may from time to time by ordinary resolution adopt any Rules of Order which will, in so far as not inconsistent with the Company Act or these Articles, govern the conduct of general meetings.

PART 6 - DIRECTORS

42. (1) The number of directors to be elected by the shareholders will be such number, being not less than three, as is from time to time determined, by ordinary resolution at an annual general meeting, or by special resolution at any other meeting at which directors are to be elected.

(2) A resolution pursuant to Article 42(1) which reduces the number of directors is effective only with respect to elections or appointments of directors made after the resolution is passed.

43. (1) At each annual general meeting of the Company directors not exceeding the number last determined pursuant to Article 42(1) will be elected to hold office commencing at the termination, or earlier adjournment, of the meeting.

(2) If the number of eligible persons nominated for election as directors is equal to or less than the number of directors to be elected, no vote will be required and those nominated will be deemed elected by acclamation.

(3) A retiring director is eligible for re-election.

44. (1) The board may appoint any individual qualified to act as a director to the board to fill any casual vacancy in the board.

(2) A vacancy resulting from an increase in the number of directors will be deemed not to be a casual vacancy unless, but will be deemed to be a casual vacancy if, the vacancy is not filled by the shareholders at the meeting at which the increase is authorized.

(3) Any vacancy on the board that has not been filled by an appointment made by the board may be filled by an appointment made by ordinary resolution.

45. (1) The board may from time to time appoint one or more persons to act as director in addition to the directors elected or appointed under Articles 43 and 44, but not so that the number of directors holding office pursuant to this Article exceeds two.

(2) A director holding office pursuant to an appointment under this Article may not vote on a resolution to make an appointment pursuant to this Article.

46. The office of a director will terminate

- (a) on his resignation,
- (b) on his removal from office as provided in the Company Act,
- (c) on his ceasing to be qualified as a director under the Company Act,
- (d) on the adjournment or termination of the annual general meeting which next follows his election or appointment and at which a director is elected but he is not elected, or
- (e) in the case of a director appointed under Article 45,
  - (i) at such time or on the occurrence of such event as is stipulated by the board before, upon or after his appointment, or
  - (ii) at such time, while the number of directors holding office otherwise than pursuant to such an appointment is less than a majority of the board that, at a meeting of the board, a motion is made other than a motion
    - (A) to appoint as director a person nominated by a director appointed under Article 45, or
    - (B) for the purpose of convening a general meeting to elect directors.

47. A person who is not a member who becomes a director is deemed to have agreed to be bound by the provision of these Articles to the same extent as a member.

48. (1) A director will be paid such reasonable travelling, lodging, subsistence and other expenses as he incurs in or about the business of the Company.

(2) The remuneration of the directors may from time to time be fixed by the board subject to any limitations established by ordinary resolution, and may, in the case of a director who is also an officer or employee of the Company, be in addition to any remuneration to which he is entitled as such officer or employee.

(3) If a director performs any professional or other service for the Company that, in the opinion of the board, is outside the ordinary duties of a director, or if he is otherwise specially occupied in or about the Company's

business, he may be paid a special remuneration to be fixed by the board or, at the option of the director, by the Company in general meeting.

(4) Remuneration of a director payable on a periodic basis will be deemed to accrue from day to day.

(5) Except as restricted by ordinary resolution, the board may cause the Company to pay a gratuity, pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company, or to his widow or dependents, and may make contributions to any fund for, and pay premiums for the purchase or provision of, any such gratuity, pension or allowance.

49. (1) A director (in this Article called "appointor") may appoint another director as his alternate director.

(2) An appointment of an alternate will not be effective until an instrument in writing signed by the appointor, or a telegram, telex or cable dispatched by the appointor, declaring the appointment, is received by the Company.

(3) An appointor may revoke an appointment of his alternate by notice in writing, telegram, telex or by cable delivered to the Company.

(4) The appointment of an alternate terminates if the appointor or the alternate ceases to be a director.

(5) A director may act as alternate for more than one director and will be entitled at a meeting of the board to cast one vote for each director for whom he is the alternate in addition to the vote to which he is entitled as a director in his own right.

(6) Unless otherwise determined by the board, an alternate will not be counted as representing his appointor in determining whether a quorum is present.

50. The directors may meet together at such places and adjourn and otherwise regulate their meetings and proceedings as they see fit.

51. A director may at any time, and the secretary upon the request of the director will, convene a meeting of the board.

52. (1) Notice of a meeting of the board must be given to each director at least four days before the time fixed for the meeting unless a majority of the directors reside outside the

*Article 50A  
added by  
amendment  
1 May 4/90*

municipality where the meeting is to be held, in which case notice must be given at least seven days before the time fixed for the meeting.

(2) Notice may be given verbally, personally or by telephone, or in writing, personally or by delivery through the post, or telegraph, or by any other means of communication in common usage.

(3) When notice of a meeting is given to a director other than personally, it must be addressed to him at his registered address.

(4) No notice need be given to a director of a meeting of the board at which he is appointed or which immediately follows a general meeting at which he is elected or appointed.

53. The board may act notwithstanding any vacancy in its body, so long as the number of directors in office is not reduced below the number fixed as the quorum of the board.

54. The board may from time to time fix the quorum necessary for the transaction of business and until so fixed the quorum will be a majority of the number determined under Article 42.

55. The chairman of the board, if any, or in his absence or if there is no chairman of the board, the president, will be chairman of each meeting of the board, but if at any meeting neither the chairman of the board nor the president is, within fifteen minutes after the time appointed for holding the meeting, present and willing to act, the directors present may choose one of their number to be chairman of the meeting.

56. A meeting of directors at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the board generally.

57. Questions arising at a meeting of the board will be decided by a majority of votes.

58. In the case of an equality of votes, the chairman will not have a second or casting vote.

59. A director who is interested in a proposed contract or transaction or other business to be considered or conducted at a meeting of the board and who has disclosed his interest in accordance with the provisions of the Company Act will be counted in the quorum at any meeting of the board at which the proposed contract or transaction or such other business is considered, approved or otherwise acted upon.

60. The board may, on such terms as it sees fit, delegate any of its powers to committees, each consisting of one or more directors, which will function in such manner as the board from time to time directs.

61. (1) The board will elect annually from among its number an audit committee to be composed of not fewer than three directors of whom a majority will not be officers or employees of the Company or its affiliates.

(2) The audit committee will review the annual audited financial statements of the Company before, and will comment thereon when, such statements are submitted to the board for its approval.

62. (1) All appointments of officers will be made upon such terms and conditions and at such remuneration, whether by way of salary, fee, commission, participation in profits, or otherwise as the board determines, and every such appointment will be subject to termination at the pleasure of the board, but without prejudice to any right that may thereby arise under any contract.

(2) The appointment of an officer will not terminate merely by reason that all or any of the members of the board by which he was appointed have ceased to be directors at an annual general meeting or otherwise, unless he has thereby ceased to hold the qualification for his office.

#### PART 7 - MANAGEMENT OF THE COMPANY

63. The board may exercise all such powers and do all such acts and things as the Company may exercise and do and which are not by these Articles or otherwise lawfully directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provision of these Articles and all laws affecting the Company and to any rules, not inconsistent with these Articles, made from time to time by the Company in general meeting; but no such rule will invalidate any prior act of the board that would have been valid if the rule had not been made.

#### PART 8 - BORROWING AND MORTGAGING

64. The board may from time to time at its discretion authorize the Company to borrow any sum of money for the purposes of the Company and may raise or secure the repayment of such sum or the performance of any other obligation of the

Company in such manner and upon such terms and conditions in all respects as the board thinks fit, and without limiting the generality of the foregoing, by the issue of bonds, debentures, or other instruments, or any mortgage or charge, whether specific or floating, or other security on the undertaking of the whole or any part of the property of the Company, both present and future.

65. The board may make any such bond, debenture, or other instrument, mortgage or charge, or any other security by its terms assignable free from any equity between the Company and the person to whom it is issued, or any other person who lawfully acquires the same by assignment, purchase or otherwise.

66. The board may authorize the issue of any such bond, debenture, or other instrument, mortgage, charge or other security at a discount, premium or otherwise, and with special or other rights or privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares, attendance at general meetings of the Company, and otherwise as the board determines at or before the time of issue.

#### PART 9 - SAFEGUARDING, INDEMNITY, ETC. OF DIRECTORS

67. A director of the Company may be or become a director, officer or shareholder of, or otherwise interested in, any corporation promoted by the Company or in which the Company is interested, as shareholder or otherwise, or any corporation which is a shareholder of or otherwise interested in the Company, and will not be liable to account to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such other corporation.

68. A director may hold any office or place of profit under the Company in conjunction with his directorship for such period and on such arrangement as to remuneration and otherwise as the board determines, and no director or proposed director is disqualified by that relationship from contracting with the Company either with regard to his tenure of such other office or place of profit, or as vendor, purchaser or otherwise, nor is a director so contracting or being so interested liable to account to the Company for any profit realized by any such arrangement or contract by reason only that the director holds that office or of the fiduciary relationship thereby established.

69. (1) The Company will indemnify every person who is or was a director of the Company or is or was serving at the request



of the Company as a director of another corporation of which the Company is or was a shareholder, and may to the extent that the board determines indemnify any person who is or was an officer, employee or agent of the Company or is or was serving at the request of the Company as the officer, employee or agent of another corporation or a partnership, joint venture, trust or other enterprise, and the heirs and personal representatives of any such person, against all costs, charges and expenses actually incurred by him, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding whether brought by the Company, by such other corporation, partnership, joint venture, trust or other enterprise, or by any other person, and whether or not he is made a party by reason of his having so been or having so served as a director, officer, employee or agent, if

(a) he acted honestly and in good faith with a view to the best interests of the Company or such other corporation, partnership, joint venture, trust or other enterprise, and

(b) in the case of a criminal or administrative action or proceeding, he had reasonable grounds for believing that his conduct was lawful.

(2) The Company may also indemnify any such person or any other person in such other circumstances and to such extent as the law allows.

70. The indemnification provided by this Part is applicable only to the extent that it does not duplicate any right, indemnity or reimbursement which the person claiming such indemnification has received or will receive otherwise than under this Part.

71. No director, and to the extent approved by the directors no officer, employee or agent for the time being of the Company, will be liable for the act, receipt, neglect or default of any other director, officer, employee or agent, or for joining in any receipt or act for the sake of conformity, or for any loss, damage or expense sustained or incurred by the Company through the insufficiency or deficiency of title to any property acquired for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Company are placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or wrongful act of any person, firm or corporation with whom or which any monies, securities or effects are lodged or deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his office or trust or in relation thereto, unless

the same happens by or through his own wilful neglect or default.

72. The directors may rely upon the accuracy of any statement of fact represented by an officer of the Company to be correct or upon statements in a written report of the auditor of the Company, and will not be liable for any loss or damage resulting from their authorizing payment of any dividend or otherwise acting or declining to act in good faith in reliance on any such statement.

73. The directors may cause the Company to purchase and maintain insurance for the benefit of any person who is or may be entitled to indemnification under Article 68 against any expense or liability from which he is or may be so entitled to be indemnified and may secure such right of indemnification by mortgage or other charge upon all or any part of the real and personal property of the Company, and any action taken by the board under this paragraph will not require approval or confirmation by the members.

#### PART 10 - EXECUTION OF DOCUMENTS

74. The board may adopt a common seal for the Company and may, from time to time, adopt a new common seal, and will provide for the safe custody of the common seal.

75. The Company may have an official seal for use in any other province, territory, state or country.

76. Neither the common seal nor an official seal will be impressed on any document or instrument except

(a) pursuant to the authorization of a resolution of the board, which authorization may extend to the sealing of a particular document or instrument, one or more documents and instruments meeting a description, or to all documents and instruments to be executed under seal, or

(b) by the secretary or an assistant secretary for the purpose of certifying copies of or extracts from the Memorandum or Articles of the Company, minutes of meetings or resolutions of the shareholders or board or committees of the board or any instrument executed or issued by the Company.

77. The signature of any officer or director of the Company, that is, by authority of the board, printed, lithographed, engraved or otherwise reproduced upon any instrument or

document (including any negotiable instrument) to be signed, executed or issued by the Company or by any of its officers or directors, and any instrument or document on which the signature of any such person is so reproduced, will be as valid as if the signature had been affixed manually by such person, and will be so valid notwithstanding that, at the time of the issue or delivery of the instrument or document, the person whose signature is so reproduced is deceased, has ceased to hold the office giving rise to his authority or is otherwise incapacitated from personally signing such instrument or document.

#### PART 11 - DIVIDENDS

78. Except as otherwise provided by special rights or restrictions attached to any shares, all dividends will be declared according to the number of shares held.

79. Dividends may be paid out of any of the surplus accounts of the Company.

80. No notice of the declaration of any dividend need be given to any member, and no dividend will bear interest against the Company.

81. A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of paid-up shares, bonds, debentures or debenture stock of the Company, or in any one or more such ways, and where any difficulty arises in regard to the distribution, the board may settle the same as it thinks expedient, and in particular may fix the value for distribution of specific assets, and may determine that cash payments will be made to members upon the footing of the values so fixed or in lieu of fractional shares, bonds, debentures or debenture stock, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled as may seem expedient to the board.

82. The Company may retain the dividends payable on a share in respect of which a fiduciary is entitled to become a member until the fiduciary becomes the registered holder of such share.

83. Any dividend or other monies payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered holder of the share in like manner as provided in these Articles for the giving of notices, or to such person and to such address as the holder or joint holders, as the case may be, in writing direct.

84. Any one of two or more joint holders may give effectual receipts for any dividend or other monies payable on assets distributable in respect of a share held by them as joint holders.

#### PART 12 - NOTICES

85. A notice may be given or a document delivered by the Company to a member or director, either personally or by sending it through the post to him in a prepaid letter, envelope or wrapper addressed to the member or director at his registered address.

86. Notice may be given or a document delivered by the Company to the joint holders of a share by giving the notice or delivering the document to the joint holder first named in the register of members in respect of the share.

87. A notice may be given or a document delivered by the Company to a person claiming entitlement to a share in consequence of the death, bankruptcy or mental infirmity of a member, by sending it through the post in a prepaid letter, envelope or wrapper addressed to such person by name, or by suitable title as representing the deceased, bankrupt or mentally infirm member, at the address, if any, supplied to the Company for the purpose by such person, or, until an address has been so supplied, by giving the notice or delivering the document in any manner in which the same might have been given or delivered if the death, bankruptcy or mental infirmity had not occurred.

88. A notice or document sent through the post to or left at the registered address of a member will, notwithstanding that the member is then deceased and whether or not the Company or its agent has notice of his decease, be deemed to have been duly given or delivered in respect of any share registered in the name of the member and will for all purposes of these Articles be deemed sufficiently given or delivered to his personal representatives and to any person jointly interested with the member in any such share.

#### PART 13 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO COMMON SHARES

89. The special rights and restrictions attached to the Class A Common shares, Class B Common shares, Class C Common shares and Class D Common shares will be as follows:

2/10/88  
22/1/88  
12/4/88  
13/88

(a) no dividend may be declared or paid on any Class A Common, Class B Common, Class C Common or Class D Common share unless a dividend of the same amount per share is concurrently declared or paid, as the case may be, on every other issued share of any such class;

(b) the directors may, in causing the Company, in accordance with the provisions of the Income Tax Act (Canada) as from time to time in force, to elect that, or take some other procedure by which, a dividend paid or payable on shares of the Company will be deemed to be paid out of the Company's capital dividend account as defined in such Act, cause such election to be made or other procedure taken in respect only of a dividend that is paid or payable on the Class B Common, Class C Common or Class D Common' shares;

(c) each issued Class A Common share may, at any time at the option of the holder, be exchanged for one Class B Common share;

(d) each issued Class B Common share may, at any time at the option of the holder, be exchanged for one Class A Common share;

(e) each issued Class C Common share may, at any time at the option of the holder, be exchanged for one Class A Common share or one Class B Common share;

(f) each issued Class D Common share may be exchanged for one Class A Common share or one Class B Common share at any time at the option of the holder after the Class B Common shares first become qualified for trading on a recognized Canadian stock exchange;

(g) in order to effect such an exchange a holder must

(i) deliver to a transfer agent of the Company or, if the Company has no transfer agent, to the records office of the Company, a written notice signed by the holder directed to the Company requesting the exchange and specifying the number and class of shares to be exchanged and the class into which such shares are to be exchanged,

(ii) so deliver one or more certificates registered in the name of the holder for not less than the number and class of shares requested to be exchanged not endorsed for transfer to any specified transferee, and

(iii) pay to such transfer agent or, if there is none, to the Company, any transfer fee, tax or other charge which the Company or the transfer agent is or may be obligated to pay to any governmental authority by reason of the exchange;

(h) the exchange will be deemed to have been effected upon compliance by the holder with the provisions of clause (g), and the Company will issue to the holder one or more certificates registered in the name of the holder representing the shares of the other class into which shares represented by a certificate so delivered are exchanged and one or more certificates registered in the name of the holder representing any shares represented by a certificate so delivered that are not so exchanged;

(i) each Class A Common, Class B Common or Class C Common share so exchanged will be restored to the status of an authorized but unissued share of that class;

(j) the Company will not allot or issue any share or subdivide any issued share, cancel or consolidate any unissued share or otherwise reorganize its capital such that after such allotment or issue or subdivision, cancellation, consolidation or other reorganization, the total number of Class A Common, Class B Common, Class C Common and Class D Common shares allotted or issued exceeds the number of Class A Common shares authorized or the number of Class B Common shares authorized;

(k) at no time while shares of two or more classes of Common shares are outstanding will there be any consolidation or subdivision of the issued shares of any such class without a concurrent equivalent consolidation or subdivision, as the case may be, of the issued shares of every other such class;

(l) the price or consideration for which

(i) the Class C Common shares may be issued may not be fixed at less than \$20 per share, and

(ii) the Class D Common shares may be issued may not be fixed at less than \$29.50 per share;

(m) except as provided expressly or by implication in this Article, each holder of each issued Class A Common, each issued Class B Common, each issued Class C Common and each issued Class D Common share will as such have equal rights, and in particular upon a liquidation of the Company all

such shares will rank equally in the distribution of assets without regard to any difference in the amount of paid-up capital per share on the shares of any class.

PART 14 - SPECIAL RIGHTS AND RESTRICTIONS  
ATTACHED TO SPECIAL PREFERENCE SHARES

90. There will be attached to the Class X Special Preference Shares, Class Y Special Preference Shares, and Class Z Special Preference Shares (each a "Special Preference Share") the special rights and restrictions set forth in this Part.

General

91. There will be attached to all Special Preference Shares the following special rights and restrictions:

(a) dividends will accumulate from day to day on each Special Preference Share from time to time outstanding at a rate equivalent to \$0.08 per share per year calculated from the Commencement Date, and, except as hereinafter provided, will be paid as and when declared by the board to the holder of the share on the date of declaration;

(b) the redemption price for each Special Preference Share is the aggregate of

(i) \$1, and

(ii) all unpaid dividends accumulated on the share pursuant to clause (a) to the time for redemption, other than declared dividends which are not in arrears and for which the date for payment is, in the case of the Class Y Special Preference Shares or Class Z Special Preference Shares, after the redemption date or, in the case of the Class X Special Preference Shares, not more than 10 days after the redemption date;

(c) Special Preference Shares may be redeemed in accordance with the following rules and procedures:

(i) the Company may at any time redeem any Special Preference Share of any class by paying to the holder of the share the redemption price therefor;-

(ii) if there is more than one class of Special Preference Shares outstanding or more than one holder of Special Preference Shares of any class, the Company

will not be obligated to redeem such shares pro rata according to the number of shares of each class of Special Preference Shares outstanding or the number of shares of any class of Special Preference Shares held by each member, and the Company may, as the board sees fit, but subject to the stipulations of any lawful agreement or direction of the members affected of which the board is aware, redeem such shares disproportionately and to the entire exclusion of one or more members;

(iii) on any redemption the Company will, at least 10 days before the redemption is to take place, give notice of redemption to each person who at the date the notice is given is the registered holder of a share to be redeemed, but accidental failure to give any such notice to one or more such persons will not affect the validity of the redemption;

(iv) a notice of redemption of shares of any class must set out the date on which redemption is to take place, the redemption price per share and, if less than all the shares of that class held by the person to whom the notice is directed are to be redeemed, the number of such shares so held that are to be redeemed;

(v) on or after the date specified for redemption in the notice the Company will, except as provided in Article 93, pay or cause to be paid, to or to the order of the registered holder of the share, the redemption price therefor on presentation and surrender at the records office of the Company of the certificate for a share to be redeemed;

(vi) a share in respect of which the redemption price is paid or satisfied as provided in this Article or in Article 93 will thereupon be and be deemed to be redeemed and the certificate representing the share will be cancelled;

(vii) if less than all the shares represented by a certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company;

(viii) the holder of a share called for redemption will not be entitled to exercise any of the rights of a shareholder in respect thereof after the date of redemption specified in a notice of redemption unless the redemption price therefor is not paid or satisfied in accordance with the provisions of this Article or



Article 93 on presentation of the certificate therefor, in which case the rights of the holder will remain unaffected;

(ix) if the holder of a share to be redeemed fails so to present and surrender the certificate representing the share on or within 15 days after the date specified for redemption, the Company may deposit the redemption price of the share or such portion thereof as is payable in cash, in a special account in and chartered bank or trust company in British Columbia, and deliver to such bank or trust company the promissory note required to satisfy any portion of the redemption price pursuant to Article 93, with a direction that the amount so deposited be paid without interest, and such note be delivered, to the holder upon presentation and surrender to the bank or trust company of the certificate, and upon the making of the deposit and the delivery of the note, as applicable, every share in respect of which the deposit or deposit and delivery is made will be deemed to be redeemed and thereafter the rights of the holder thereof will be limited to receiving without interest the amount so deposited and any note so delivered against presentation and surrender of the certificate for the share;

(x) a holder of a Special Preference Share may by instrument in writing waive or consent to the abridgement of notice of a proposed redemption of any of his shares;

(d) where a notice of redemption of Special Preference Shares of any class has been given by the Company, no transfer of any share of that class by a holder to whom the particular notice is directed will be entered in the register of members unless

(i) the number of shares of that class held by the holder after the transfer will equal or exceed the aggregate number of shares of that class held by the holder that are to be redeemed pursuant to the particular notice and any other outstanding notice of redemption,

(ii) the redemption required by the particular notice has occurred, or

(iii) his rights with respect to the shares to have been redeemed pursuant to the particular notice have been restored pursuant to subclause (c)(viii);

(e) where subclause (c)(ix) becomes applicable with respect to a share, no transfer of any share of the same class by the holder of the share at the date specified for redemption will be entered in the register of members until the holder has presented and surrendered to the Company or, if applicable, the bank or trust company to which the redemption money has been deposited and any note has been delivered, a certificate or certificates for a number of shares of that class that is not less than the number of shares of that class held by him to which subclause (c)(ix) is applicable;

(f) a holder of a Special Preference Share is entitled to receive notice of and to attend general meetings of the Company and to exercise the voting rights provided in Article 92;

(g) the Company will not, while any Special Preference Share is outstanding,

(i) declare or pay any dividend on any share that is not a Special Preference Share other than a dividend on a share of a class that ranks in priority to the Special Preference Shares as to the payment of dividends, which dividend is, by the special rights and restrictions attached to shares of that class, required to be paid at or within not more than 15 days after the time of payment in order that dividends thereon not be in arrears, or

(ii) redeem, acquire or reduce its paid-up capital with respect to any share that is not a Special Preference Share other than by redemption of shares of a class that ranks in priority to the Special Preference Shares with respect to the return of capital, which shares the Company is required to redeem at or within not more than 30 days after the time of redemption to comply with the special rights and restrictions attached to shares of that class,

except a payment, redemption, acquisition or reduction made or effected

(iii) when the Company is not in arrears in the payment of dividends on or in default in the redemption of Special Preference Shares as provided in these Articles, or

(iv) with the written consent of the holders of all outstanding Special Preference Shares;

(h) except with the approval of the holder or holders of the outstanding Special Preference Shares given in like manner as required for approval of an amendment to this clause, the Company will not, while any Special Preference Share is outstanding,

(i) create or issue

(A) any Special Preference Share of any class after the first issue of shares of that class, or

(B) any other share ranking equally with any Special Preference Share as to the payment of dividends or the return of capital,

(ii) issue as a stock dividend any share ranking in priority to any Special Preference Shares as to payment of dividends or return of capital;

(i) in the event of the liquidation, dissolution or winding-up of the Company, or other distribution of the assets of the Company among the members other than by way of dividend out of moneys of the Company properly applicable to payment of dividends, there will be paid to each holder of a Special Preference Share in respect of each such share held by him, in preference to and priority over any distribution or payment on any share of any other class except as provided in the special rights and restrictions attached to shares of a class ranking in priority to the Special Preference Shares with respect to return of capital that are issued in compliance with clause (h), the amount that would have been the redemption price for such share if the date of payment had been the date for redemption, and after such payment the holder of a Special Preference Share will not as such be entitled to participate in any further distribution of property or assets of the Company;

(j) payment of the redemption price for a Special Preference Share will satisfy any obligation of the Company for any unpaid dividend on the share the amount of which was included in the calculation of the redemption price;

(k) a holder of a Special Preference Share will not as such, except as otherwise specifically provided in this Article, be entitled to any dividends or otherwise to participate in the profits of the Company; and

(l) a Special Preference Share that is redeemed or acquired by the Company will be cancelled and the number of issued shares reduced accordingly.

Voting

92. (1) On a poll on a resolution put to a general meeting the holders of the Special Preference Shares will be entitled to cast in total that number of votes that is ten more than two-elevenths of the total number of votes eligible to be cast on the resolution by holders of shares other than Special Preference Shares.

(2) The votes which holders of Special Preference Shares are entitled to cast pursuant to Sub-Article (1) will be allocated among such holders as at the date of record for determining voting rights on the resolution in the proportion of the numbers of Special Preference Shares held by them, determined as nearly as possible avoiding fractions.

(3) The voting rights conferred by this Article will terminate on the earliest date on which the value of all outstanding Special Preference Shares does not exceed one-ninth of the value of all outstanding shares of the Company other than Special Preference Shares.

(4) For the purposes of Sub-Article (3),

(a) the value of a Special Preference Share will be deemed to be its redemption price,

(b) the value on any particular day of a share other than a Special Preference Share will be deemed to be

(i) in the case of a share of a class which is listed for trading on a recognized Canadian stock exchange, the lowest price per share at which a board lot of shares of that class traded on any such exchange during the last 10 trading days on which such shares were traded before the particular day,

(ii) in the case of a share that is freely exchangeable on a share for share basis for a share that is so listed, the value determined as provided in subclause (i) of the share for which it is so exchangeable, and

(iii) in any other case, the book value of the share as determined from the financial statements of the Company as at the end of the year which most recently ended more than three months before the particular day.

### Redemption for Notes

93. (1) To the extent that on any redemption date on or after December 31, 1987 the number of Special Preference Shares of any class that are outstanding exceeds the number of such shares required to be redeemed on or before that redemption date pursuant to Article 94, Article 98 or Article 104, as applicable, the Company may, if it is redeeming all the outstanding shares of that class and if its intention to exercise its rights under this Article is indicated in the notice of redemption, instead of paying cash for the portion of the redemption price described in subclause (b)(i) of Article 91 for such of the shares being redeemed as exceeds the number so required to be redeemed, in addition to paying in cash the portion of the redemption price described in subclause (ii) of Article 91, execute and deliver to each holder of such excess shares, in satisfaction of such portion of the redemption price otherwise payable to the holder for such excess shares, a promissory note of the Company payable to or to the order of the holder in a principal amount equal to such portion of such price together with an opinion of counsel to the Company addressed to the holder to the effect that the Company is entitled to exercise its rights under this Article and that the promissory note is duly authorized and executed by the Company and is a valid and binding obligation of the Company in accordance with its terms.

(2) A note issued pursuant to Sub-Article (1) will

(a) bear interest calculated from the redemption date at a rate equal to the lesser of 16% per year, and the Prime Rate prevailing from time to time,

(b) accrue interest and be payable as to principal and interest at the like times and in the like amounts as like amounts of dividends accumulated at the same rate and of paid-up capital would have been paid as dividends on and as the redemption price for the Special Preference Shares in consideration for the redemption of which such note is issued, and

(c) be substantially in the form approved by the board before the first allotment of any share of the class being redeemed.

### Class X Special Preference Shares

94. (1) The Company will redeem Class X Special Preference Shares and pay the redemption price therefor as herein provided

(a) as to that number of shares which is 10/45ths of the Class X Original Issue Number, on or before December 31, 1984,

(b) as to a further number of shares which is 11/45ths of the Class X Original Issue Number, on or before December 31, 1985,

(c) as to a further number of shares which is 12/45ths of the Class X Original Issue Number, on or before December 31, 1986, and

(d) as to all shares remaining outstanding on or before December 31, 1987.

(2) For the purposes of sub-Article (1), "Class X Original Issue Number" means the number of Class X Special Preference Shares in the capital of West Fraser Mills Ltd. issued on the first issue of shares of that class.

95. If

(a) for any reason the Company fails to redeem Class X Special Preference Shares as required by Article 94,

(b) a holder of Class X Special Preference Shares gives to the Company written notice of such failure requiring that it be remedied, and

(c) the failure is not remedied within 30 days after such notice is given

the Company will forthwith redeem all outstanding Class X Special Preference Shares and pay the redemption price therefor as herein provided without availing itself of Article 93.

#### Class Y Special Preference Shares

96. Dividends on the Class Y Special Preference Shares which accumulate before 1988 will be in arrears if not paid as to one third on or before December 31, 1988, one third on or before December 31, 1989, and the balance on or before December 31, 1990.

97. Dividends which accumulate on the Class Y Special Preference Shares after 1987 will be in arrears if so much thereof as accumulates to December 31 of any year is not paid by that date.

98. The Company will redeem Class Y Special Preference Shares and pay the redemption price therefor as herein provided

- (a) as to 798,965 shares on or before December 31, 1988,
- (b) as to a further 862,882 shares on or before December 31, 1989,
- (c) as to a further 931,913 shares on or before December 31, 1990,
- (d) as to a further 1,006,466 shares on or before December 31, 1991,
- (e) as to a further 1,086,983 shares on or before December 31, 1992,
- (f) as to a further 1,173,942 shares on or before December 31, 1993,
- (g) as to a further 1,267,857 shares on or before December 31, 1994,
- (h) as to a further 1,369,286 shares on or before December 31, 1995,
- (i) as to a further 1,478,829 shares on or before December 31, 1996,
- (j) as to a further 1,597,135 shares on or before December 31, 1997,
- (k) as to a further 1,724,906 shares on or before December 31, 1998,
- (l) as to a further 1,862,898 shares on or before December 31, 1999, and
- (m) as to the remaining 2,011,938 shares on or before December 31, 2000.

99. If

- (a) for any reason the Company fails to pay dividends on Class Y Special Preference Shares whereby payment of dividends on such shares becomes in arrears as provided in Article 96 or 97,
- (b) for any reason the Company fails to redeem Class Y Special Preference Shares as required by Article 98,

(c) a holder of Class Y Special Preference Shares or a person otherwise entitled to any of such dividends in arrears gives to the Company written notice of such failure requiring that it be remedied, and

(d) the failure is not remedied within 30 days after such notice is given

the Company will forthwith redeem all outstanding Class Y Special Preference Shares and pay the redemption price therefor as herein provided without availing itself of Article 93.

#### Class Z Special Preference Shares

100. Dividends on the Class Z Special Preference Shares which accumulate before 1988 will be in arrears if not paid as to one third on or before December 31, 1988, one third on or before December 31, 1989, and the balance on or before December 31, 1990.

101. If

(a) for any reason the Company fails to pay dividends on Class Z Special Preference Shares whereby payment of dividends on such shares becomes in arrears as provided in Article 100,

(b) a holder of Class Z Special Preference Shares or a person otherwise entitled to any of such dividends in arrears gives to the Company written notice of such failure requiring that it be remedied, and

(c) the failure is not remedied within 30 days after such notice is given

the Company will forthwith

(d) redeem all outstanding Class Z Special Preference Shares and pay the redemption price therefor as herein provided without availing itself of Article 93, and

(e) pay all unpaid dividends accumulated on Class Z Special Preference Shares that are no longer outstanding.

102. If the Company determines that there is any Available Eurocan Cash Flow as at the end of any Quarter that begins on or after January 1, 1988, the Company will not later than 60 days after the end of the Quarter deliver to each holder of a Class Z Special Preference Share and to each person entitled to unpaid dividends accumulated on Class Z Special Preference



Shares that are no longer outstanding a statement showing the Company's calculation thereof, and the failure of the Company to deliver any such statement will be deemed to be a statement by the Company that the Available Eurocan Cash Flow was nil.

103. Dividends which accumulate on the Class Z Special Preference Shares after 1987 will be in arrears unless, not later than 60 days after the end of each Quarter that begins on or after January 1, 1988, the Company pays to the holders of Class Z Special Preference Shares of record at the end of the Quarter a dividend in an aggregate amount equal to the amount, if any, by which the lesser of

(a) the total dividends (whether or not paid) that have accumulated on the Class Z Special Preference Shares after 1987 to the end of the Quarter, and

(b) the Available Eurocan Cash Flow calculated to end of the Quarter

exceeds

(c) the total of

(i) all dividends that have pursuant to this Article become payable on Class Z Special Preference Shares in respect of any previous Quarter,

(ii) all amounts described in subclause (b)(i) of Article 91 that have previously become payable on redemption of Class Z Special Preference Shares, and

(iii) all amounts described in subclause (b)(ii) of Article 91 that have previously become payable on redemption of Class Z Special Preference Shares in respect of dividends accumulated after 1987.

104. The Company will, not later than 60 days after the end of each Quarter that begins on or after January 1, 1988, redeem the greatest whole number of Class Z Special Preference Shares that may be redeemed by the payment of an aggregate redemption price not exceeding the amount, if any, by which

(a) the Available Eurocan Cash Flow as at the end of the Quarter

exceeds the total of

(b) all dividends (whether or not paid) that have accumulated on Class Z Special Preference Shares after 1987

and that have become payable in respect of the Quarter or in respect of any previous Quarter,

(c) all amounts described in subclause (b)(i) of Article 91 that have previously become payable on redemption of Class Z Special Preference Shares, and

(d) all amounts described in subclause (b)(ii) of Article 91 that have previously become payable on or for the redemption of Class Z Special Preference Shares in respect of dividends accumulated after 1987.

105. If

(a) a holder of Class Z Special Preference Shares or a person entitled to unpaid dividends accumulated on Class Z Special Preference Shares that are no longer outstanding gives to the Company written notice

(i) alleging that

(A) the Company has failed to pay dividends on Class Z Special Preference Shares whereby payment of dividends on such shares has become in arrears as provided in Article 103, or

(B) the Company has failed to redeem Class Z Special Preference Shares as required by Article 104, and

(ii) giving particulars of the calculation of the Available Eurocan Cash Flow on the basis of which such failure is alleged to have occurred, and

(b) the Company does not, within 60 days after it receives such notice

(i) deliver to such holder or person so entitled a written statement particularizing the Company's disagreement with the calculation of arrears of dividends or default in redemptions as alleged in the notice, and

(ii) pay such dividends or effect such redemptions as it acknowledges to be in arrears or default,

the Company will, at the expiration of 60 days after it receives the notice, become obligated forthwith to

(c) redeem all outstanding Class Z Special Preference Shares and pay the redemption price therefor without availing itself of Article 93, and

(d) pay all unpaid dividends accumulated on Class Z Special Preference Shares that are no longer outstanding.

106.(1) If a statement is delivered by the Company as provided in subclause (b)(i) of Article 105, the issue as to whether, and if so to what extent, there exists any arrears in the payment of dividends on or default in the redemption of Class Z Special Preference Shares may be submitted by the Company or such holder or person entitled for determination by a single arbitrator in accordance with the laws prevailing in British Columbia governing the arbitration of commercial disputes.

(2) If in any such arbitration proceedings

(a) the arbitrator delivers an award determining the existence and the extent of such arrears or default, and

(b) the Company fails to pay such dividends or effect such redemptions as are sufficient to eliminate the arrears or default so determined within 60 days after the award is delivered or by such later date as may be ordered by a court of competent jurisdiction in proceedings to set aside the award,

the Company will forthwith

(c) redeem all outstanding Class Z Special Preference Shares and pay the redemption price therefor as herein provided without availing itself of Article 93, and

(d) pay all unpaid dividends accumulated on Class Z Special Preference Shares that are no longer outstanding.

#### Interest on Arrears

107.(1) The Company will pay on demand

(a) to the holder of any Special Preference Share on which a dividend is in arrears, and

(b) any person entitled to a dividend on a Special Preference Share that is no longer outstanding, which dividend is in arrears,

interest on the amount of dividend in arrears from time to time at 2% per year above the Prime Rate from the date the dividend

became in arrears to the date of payment in full of the dividend and all interest, compounded monthly.

(2) The Company will pay on demand to the holder of any Special Preference Share on which the redemption price is not paid as provided in these Articles (including redemption prices provided to be paid pursuant to Articles 95, 99 and 105) interest on the amount of the redemption price unpaid from time to time at 2% per year above the Prime Rate from the date of payment of the redemption price provided in these Articles to the date of payment in full of the redemption price and interest, compounded monthly, with credit towards such interest for any dividends on the shares accumulated after the time from which the interest accrues that are declared or are reflected in the redemption price.

#### Definitions

108. For the purposes of this Part,

(a) "Agreed Rate" means for each Quarter the prime rate being charged in New York by Chemical Bank on domestic commercial loans in United States currency on the second last day in the Quarter on which commercial banks are open for business in New York,

(b) "Available Eurocan Cash Flow" to the end of any Quarter means the amount, if any, by which the Eurocan Cash Flow to the end of the Quarter exceeds the total amount that would have been paid if, at the end of the Quarter and at the end of each previous Quarter, the Eurocan Cash Flow to the end of such Quarter (less all amounts that would before the end of such Quarter have been paid and applied as provided in this clause) had been paid and applied,

(i) to pay interest accrued to the date of payment and principal to the extent required to satisfy as becoming due

(A) an indebtedness of U.S. \$9,844,800 payable in six instalments of Can. \$1,133,137 each on the Commencement Date and on September 30 in each of the years 1985, 1986, 1987, 1988 and 1989, five instalments of Can. \$793,196 each on September 30 in each of the years 1990, 1991, 1992, 1993 and 1994 and the balance on September 30, 1995, with interest from the Commencement Date at the Agreed Rate payable with the instalments of principal, all payments to be made in U.S. currency at the noon exchange rate announced by the Bank of

Canada for the last Canadian banking day of the Quarter in which payment is considered to be made,

(B) an indebtedness of Can. \$2,000,000 payable in four instalments of \$500,000 each on the Commencement Date and on March 31, 1985, September 30, 1985 and March 31, 1986, with interest from the Commencement Date at the Agreed Rate payable with the instalments of principal,

(C) an indebtedness of Can. \$5,000,000 payable semi-annually on June 30 and December 31 from June 30, 1985 to December 31, 1989, both inclusive, with interest from the Commencement Date at the Agreed Rate payable with the instalments of principal,

(D) an indebtedness of U.S. \$15,000,000 payable in six annual payments of \$2,150,000 each on June 1 in each of the years 1986 to 1991 inclusive and a final payment of \$2,100,000 on June 1, 1992, with interest from the Commencement Date at the Agreed Rate payable with the instalments of principal,

(E) an indebtedness of U.S. \$15,000,000 payable in eight semi-annual instalments of \$1,875,000 each on February 1 and August 1 from February 1, 1986 to August 1, 1989 both inclusive, with interest from the Commencement Date at the Agreed Rate payable with the instalments of principal,

(F) an indebtedness of Can. \$1,450,000 payable without interest in two instalments of \$725,000 each on June 28, 1985 and June 28, 1986, and

(G) an indebtedness together with interest equivalent to the obligation of EuroTimber to Eurocan Pulp & Paper Co. Ltd. under clause 4(b) of the Asset Transfer Agreement between them made as of August 31, 1984,

such payments being applied firstly towards interest on each such indebtedness in priority of the order listed and secondly towards payment of the principal thereof in the like order of priority, on the assumptions that

(H) no acceleration in the payment of any such indebtedness occurs by reason of any default in payment, and

(I) for the purpose of calculating interest, any payment of principal made at the end of a Quarter in which such principal becomes due is made on the due date therefor, and

(ii) to the extent not applied pursuant to subclause (i), firstly to interest accrued to the date of payment and secondly to principal, to the extent required to satisfy an indebtedness of such amount of principal and such amount of accrued interest as is declared by resolution of the board on the first allotment of Class Z Special Preference Shares, with the principal bearing interest from the Commencement Date at the Agreed Rate from time to time,

(c) "Commencement Date" means such date as is specified to be the Commencement Date by the board on the first allotment of any Special Preference Share,

(d) "Eurocan Cash Flow" to the end of any Quarter means the amount, if any, by which, for the period from the Commencement Date to the end of the Quarter, determined in accordance with generally accepted Canadian accounting principles except as otherwise indicated, the total of

(i) the cumulative net profit (if any) of EuroTimber as a Participant in the Eurocan Joint Venture, calculated before interest expense, depreciation, depletion or other amortizations, and before taxes on income, and not reflecting any gain or loss on disposal of any capital asset,

(ii) the share of EuroTimber in proceeds realized on dispositions of capital assets held for the purposes of the Eurocan Joint Venture, and

(iii) the share of EuroTimber in increases in debt referred to in subclause (vi),

exceeds the total of

(iv) the cumulative net loss (if any) of EuroTimber as a Participant in the Eurocan Joint Venture calculated as provided in subclause (i),

(v) the share of EuroTimber in the cost of capital assets jointly acquired for the purposes of the Eurocan Joint Venture,

(vi) the share of EuroTimber in principal amounts paid and interest expense incurred on account of long term debt, including current portions thereof, for which the Participants are jointly and severally liable or for which when incurred the Participants were severally and equally liable,

(vii) the share of EuroTimber in interest expense incurred on operating loans maintained for the purposes of the Eurocan Joint Venture, and

(viii) the share of EuroTimber in any interest expense on indebtedness other than long term debt and operating loans for which the Participants are jointly and severally liable or for which when incurred they were severally and equally liable,

(e) "Eurocan Joint Venture" means the joint venture subsisting between Eurocan Pulp & Paper Co. Ltd., or its Successor, and EuroTimber pursuant to the joint venture agreement between them made as of September 1, 1984 as amended or restated from time to time,

(f) "EuroTimber" means Eurocan Timber Ltd. and its Successors,

(g) "Participant" means Eurocan Pulp & Paper Co. Ltd. or Eurocan Timber Ltd. or their respective Successors while members of the Eurocan Joint Venture,

(h) "Prime Rate" means the rate per year from time to time announced by the Company's principal banker as the reference rate to determine interest payable on its Canadian commercial loans in Canadian funds,

(i) "Quarter" means a quarter of a calendar year,

(j) "Successor" means, in relation to a particular corporation, a corporation which acquires all or substantially all the assets of the particular corporation pursuant to the consolidation, amalgamation or merger of the particular corporation with one or more other corporations, on a sale of all or substantially all of the assets of the particular corporation, on a dissolution of the particular corporation, or through some other form of corporate reorganization, or a Successor of a Successor to the particular corporation.

Transition

109. For the purpose of determining the extent of the obligations of the Company to pay dividends on and redeem Special Preference Shares pursuant to this Part,

(a) all amounts per share declared or paid as dividends on and all redemptions of Class X Special Preference Shares, Class Y Special Preference Shares or Class Z Special Preference Shares in the capital of West Fraser Mills Ltd. before the first issue of any Special Preference Share in the capital of the Company will be deemed to have been declared as equivalent dividends per share on, and to have been payments of equivalent amounts for redemptions of equivalent numbers of, respectively, Class X Special Preference Shares, Class Y Special Preference Shares or Class Z Special Preference Shares in the capital of the Company, and

(b) any arrears in the payment of dividends on Class X Special Preference Shares, Class Y Special Preference Shares or Class Z Special Preference Shares in the capital of West Fraser Mills Ltd. that are no longer outstanding will be deemed to be, respectively, arrears in the payment of dividends on Class X Special Preference Shares, Class Y Special Preference Shares or Class Z Special Preference Shares in the capital of the Company.