

receive any notice of or attend any meeting of the holders of common shares of the Company except the right to attend and vote at general meetings on any question directly affecting any of the rights or privileges attached to such class of preferred shares, and then there shall be one vote per share, but no change adversely affecting the rights or privileges of any class of preferred shares shall be made unless sanctioned by at least two-thirds of the votes cast at a special general meeting of the holders of such class of issued and outstanding preferred shares duly called for considering the same.

Effect of redemption of preferred shares.

4. The redemption or purchase for cancellation of any fully paid preferred shares created by by-law pursuant to the provisions of this Act, in accordance with any right of redemption or purchase for cancellation reserved in favour of the Company in the provisions attaching to such preferred shares, or the redemption or purchase for cancellation of any fully paid shares of any class, not being common or ordinary shares, and in respect of which the by-laws provide for such right of redemption or purchase, in accordance with the provisions of such by-laws, shall not be deemed to be a reduction of the paid-up capital of the Company, if such redemption or purchase for cancellation is made out of the proceeds of an issue of shares made for the purpose of such redemption or purchase for cancellation, or

- (a) if no cumulative dividends, on the preferred shares or shares of the class in respect of which such right of redemption or purchase exists and which are so redeemed or purchased for cancellation, are in arrears; and
- (b) if such redemption or purchase for cancellation of such fully paid shares is made without impairment of the Company's capital by payments out of the ascertained net profits of the Company which have been set aside by the directors for the purpose of such redemption or of such purchase for cancellation, and if such net profits are then available for such application as liquid assets of the Company, as shown by the last audited balance sheet of the Company and after giving effect to such redemption or purchase for cancellation; and subject as aforesaid any such shares may be redeemed or purchased for cancellation by the Company on such terms and in such manner as is set forth in the provisions attaching to such shares, and the surplus resulting from such redemption or purchase for cancellation shall be designated as a capital surplus, which shall not be reduced or distributed by the Company except as provided by a subsequent Act of the Parliament of Canada.