

Concise summary of the rights and obligations of security holders under Canadian law	
Requirement	Canadian law
Purchase of own shares	<p>Under the British Columbia <i>Business Corporations Act</i> (BCBCA), a company may redeem any of its shares that have a right of redemption attached to them, on the terms and in the manner provided in the company's articles. A company may also, if authorized by, and subject to any restriction in, its articles, purchase any of its shares. Finally, a company may acquire any of its shares otherwise than by way of purchase or redemption, subject to any restriction in its articles.</p> <p>Any payment or provision of other consideration by a company to redeem, purchase or otherwise acquire any of its shares is prohibited if, at the time, there are reasonable grounds for believing that the company is, or would after the redemption, purchase or acquisition be, unable to pay its debts as they become due in the ordinary course of its business.</p> <p>Under Canadian securities law, a repurchase by a company of its shares may constitute an "issuer bid", which can only be effected in accordance with the provisions of Canadian securities law.</p>
Source and payment of dividends	<p>Under the BCBCA, unless a company's articles provide otherwise, a company may declare and pay a dividend, whether out of profits, capital or otherwise, by issuing shares, warrants or property, including money, unless there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its debts as they become due in the ordinary course of its business.</p>
Variation of class rights	<p>The BCBCA provides that a right or special right attached to issued shares must not be prejudiced or interfered with unless the shareholders of that particular class or series of shares to which the right or special right is attached consent by a special separate resolution of such shareholders.</p>
Meetings of shareholders	<p>Under the BCBCA, a company must hold an AGM for the first time not more than 18 months after the date on which it was recognized, and after the first annual reference date, at least once in each calendar year and no later than fifteen months after the previous year's AGM. A company's board of directors may call a meeting of the shareholders of the company at any time. Holders of at least 5% of the issued shares of the company that carry the right to vote at a general meeting may requisition the directors of the company to call a meeting.</p>
Notice of meetings	<p>Under the BCBCA, a public company must provide at least 21 days' (and not more than two months) notice of the date, time and location of all shareholder meetings to registered company shareholders entitled to vote at the meeting and to each company director.</p> <p>As a reporting issuer under Canadian securities law, a company must also give notice to certain beneficial shareholders. Management information circulars, in a required form, must be provided in connection with any solicitation of proxies by management.</p> <p>The articles of a company incorporated under the BCBCA typically provide that notice of a meeting at which special business is to be transacted must state the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, as well as the text of any special resolution to be submitted to the meeting. Any business, other than the election of directors, reappointment of the incumbent auditor and consideration of the financial statements and auditor's report, is deemed to be special business.</p> <p>National Instrument 54-101 - <i>Communication with Beneficial Owners of Securities of a Reporting Issuer</i>, requires a reporting issuer that is required to give notice of a meeting to fix a date for the meeting and a record date for notice for the meeting which shall be no fewer than 30</p>

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	and no more than 60 days before the meeting date and, if required or permitted by corporate law, fix a record date for voting at the meeting. The reporting issuer is required, subject to certain exemptions, to notify certain intermediaries at least 25 days prior to the record date.
Passing resolutions at a general meeting	Under the BCBCA, unless the BCBCA or the company's articles provide otherwise, a resolution at a company's general meeting of shareholders is to be passed by a simple majority of votes cast by the shareholders entitled to vote on the resolution.
Ordinary and special resolutions	<p>Unless the BCBCA or the company's articles require a special resolution, ordinary resolutions are required and are passed by a simple majority of votes cast on the resolution or by being consented to in writing by shareholders who in the aggregate hold a majority of not less than two-thirds (although the articles may require a higher majority of not less than three-quarters) of the votes entitled to be cast on the resolution. A special resolution must be passed by a majority of not less than two-thirds (although the articles may require a higher majority of not less than three-quarters) of the votes cast by shareholders entitled to vote after proper notice is given or by being consented to in writing by all of the shareholders holding shares that carry the right to vote at general meetings.</p> <p>Under the BCBCA, certain matters must be approved by special resolution. Some of these matters include: reducing stated capital, amalgamations, arrangements, continuance into another jurisdiction, a sale, lease or disposition of all or substantially all of a company's undertaking and voluntary liquidation.</p> <p>If a special resolution is to be considered at a meeting of a company's securityholders, the notice must specify the intention to propose a special resolution. The articles of most British Columbia companies require that the notice state the general nature of any special business to be considered and include a copy of any document to be considered or a statement regarding where and when a copy is available for inspection.</p>
Shareholder proposed resolutions	<p>Under the BCBCA, qualified shareholders holding (1) at least 1% of the votes that may be cast at a general meeting or (2) shares that have a fair market value in excess of a prescribed amount (which is prescribed by regulation at CAD\$2,000), may submit to the company written notice of any matter that the person wishes to have considered at the meeting (Proposal). A company that receives a Proposal must send the text of the Proposal and the names and mailing addresses of the submitter and the supporters to all persons entitled to receive notice of the annual general meeting in relation to which the Proposal was made. Such information must be sent in the notice of the annual general meeting or in the company's information circular or equivalent, if any, sent in respect of the applicable annual general meeting.</p> <p>The BCBCA provides exemptions from the requirements to include a proposal in a company's management information circular in circumstances including where:</p> <ul style="list-style-type: none"> the directors have called an annual general meeting to be held after the date on which the Proposal is received by the company and have sent out notice of the meeting; the Proposal is not valid or exceeds the maximum length established; substantially the same proposal was submitted to shareholders in a notice of meeting, or an information circular or equivalent, relating to a general meeting that was held not more than the prescribed period before the receipt of the proposal (which is prescribed by regulation

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	<p>at 5 years), and did not receive the prescribed amount of support at the meeting;</p> <ul style="list-style-type: none"> • it clearly appears that the Proposal does not relate in a significant way to the business or affairs of the company; • it clearly appears that the primary purpose of the Proposal is to (1) secure publicity or (2) enforce a personal claim or redress a personal grievance against the company or its directors, officers or security holders; • the Proposal has already been substantially implemented; • the Proposal, if implemented, would cause the company to commit an offence; • the Proposal deals with matters beyond the company's power to implement.
Voting	<p>Subject to other sections of the BCBCA and unless the articles provide otherwise, a shareholder of a company has one vote in respect of each share held by that shareholder and is entitled to one vote in person or by proxy. Unless the articles provide otherwise, voting at a meeting of shareholders must be (1) by poll or be conducted in any other manner that adequately discloses the intentions of the shareholders; (2) if a poll is demanded by a shareholder or proxy holder entitled to vote at the meeting or is directed by the chair, be by poll; or (3) in any other case, be by a show of hands.</p> <p>Unless the articles provide otherwise, a shareholder or proxy holder who is entitled to participate in, including vote at, a meeting of shareholders may do so by telephone or other communications medium if all shareholders and proxy holders participating in the meeting, whether by telephone, by other communications medium or in person, are able to communicate with each other.</p>
Protection of minority shareholders / oppression remedy	<p>Under the BCBCA, on the application of a "complainant" (defined under the BCBCA to include shareholders, directors and any other persons whom the court considers to be appropriate persons to make an application), the court may grant leave to prosecute or defend a legal proceeding in the name and on behalf of the company to enforce a right, duty or obligation owed to the company or to obtain damages for a breach of such a right, duty or obligation. In certain circumstances, the BCBCA allows for one or more shareholders who hold at least 20% of the issued shares of the company to apply to court to have an investigator appointed to investigate the company's affairs.</p> <p>The BCBCA, to a large extent, has supplemented the Canadian common law and equity rules on the availability of actions. In addition to allowing complainants to bring actions in the name and on behalf of a company or any of its subsidiaries, the statutory provisions of the BCBCA also allow complainants to intervene in existing proceedings, either for prosecuting or defending it, or to bring about its discontinuation on behalf of the company. In order for the Court to grant leave to a complainant, certain substantive and procedural requirements must be met, including the court being satisfied that (1) the complainant has made reasonable efforts to cause the directors of the company to prosecute or defend the legal proceeding; (2) notice of the application for leave has been given to the company and to any other person the court may order; (3) the complainant is acting in good faith; and (4) the derivative action appears to be in the interests of the company or its subsidiary.</p> <p>In addition, a shareholder or other person whom the court considers appropriate may apply to the court for an order on the grounds that the affairs of the company are being or have been conducted or the powers</p>

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	<p>of the directors are being or have been exercised in a manner that is oppressive to one or more shareholders or that some act or proposed act of the company or resolution of the shareholders is unfairly prejudicial to one or more shareholders. The court has the power to make any order it thinks fit to remedy the oppressive behaviour, including prohibiting or directing any act, appointing or removing directors or directing that the company be liquidated and dissolved.</p> <p>The BCBCA provides shareholders with dissent rights in connection with certain corporate matters, generally including amalgamations, arrangements, the sale, lease or disposition of all or substantially all of the company's undertaking and the continuance into another jurisdiction, which dissent rights entitle dissenting shareholders to receive payment of fair value for their shares from the company, provided they comply with the strict requirements set out under the BCBCA.</p> <p>The court has broad powers to direct the conduct of any such legal proceeding.</p>
Amendments to constituent documents	Unless otherwise specified in the BCBCA or the articles, amendments to a company's articles must be approved by a special resolution.
Winding up	<p>Under the BCBCA, a company may liquidate if it is authorised to do so by a special resolution. A company may apply for a voluntary dissolution if it is authorised to do so by an ordinary resolution and it has no assets and liabilities. On application by the company, a shareholder, director or any other person whom the court considers to be appropriate, including a creditor of a company, the court may order that the company be liquidated and dissolved if the court considers it just and equitable.</p> <p>Liquidation of the company may also take place outside the framework of the BCBCA, such as under the <i>Bankruptcy and Insolvency Act</i> (Canada) or the <i>Companies' Creditors Arrangement Act</i> (Canada). Finally, a company may be liquidated informally under contractual arrangement, usually by way of the private appointment of a receiver and manager.</p>