

BUSINESS CORPORATIONS ACT
(SECTION 27 OR 171)

ALBERTA

Consumer and
Corporate Affairs

ARTICLES OF AMENDMENT

<p>1. NAME OF CORPORATION: MELCOR DEVELOPMENTS LTD.</p>	<p>2. CORPORATE ACCESS NUMBER: 20261094 205480387</p>
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3. ITEM NO. 3 OF THE ARTICLES OF THE ABOVE NAMED CORPORATION ARE AMENDED IN ACCORDANCE WITH SECTION 27(5) OF THE BUSINESS CORPORATIONS ACT.

(1) Pursuant to Subsection 27(5) of the Business Corporations Act, Article 3 of the Articles of Amalgamation is amended to designate 380 of the First Preferred Shares as the First Preferred Shares, Series 3, by adding to that Article the following provision:

"(e) 380 First Preferred Shares are designated as "First Preferred Shares, Series 3" ("Preferred Shares, Series 3") and the following rights, privileges, restrictions and conditions are attached thereto as a series:

(i) Employee Share Purchase Plan: The Preferred Shares, Series 3 shall be administered under and in accordance with the provisions of an Incentive Share Purchase Plan ("Plan") as created and as may from time to time be amended by the Board of Directors of the Corporation.

(ii) Dividends: Each Preferred Share, Series 3, shall, if and when dividends are declared on the Common Shares, be entitled to receive:

(A) if the dividends declared on a Common Share are paid in cash, a cash dividend equal to ten times any amount paid on a Common Share, or

(B) if the dividend declared on a Common Share is a stock dividend comprised of Common Shares, thereupon such declaration the issued and outstanding Preferred Shares, Series 3, for the purposes of the holder of Preferred Shares, Series 3, participating in such dividend, shall be treated as having been converted to Common Shares.

(iii) Retraction: A holder of Preferred Shares, Series 3, shall have the right ("Retraction Right") to require that all or any number of his Preferred Shares, Series 3, be redeemed by the Corporation on the second and on each subsequent anniversary of the date upon which any such shares were issued to him ("Retraction Date") and the Corporation shall redeem the same provided that:

(A) written notice ("Retraction Notice") of the exercise of the Retraction Right, stating the number of Preferred Shares, Series 3, required to be redeemed, is given by the holder to the Secretary of the Corporation not less than thirty (30) days prior to the Retraction Date;

(B) the redemption price for each Preferred Share, Series 3, to be redeemed shall be not less nor more than the stated capital thereof and shall not bear interest against the Corporation; and

(C) the Corporation shall be entitled to have the redemption price for the shares to be redeemed applied in whole or in part toward the repayment of any Employee Loan Agreement between the Corporation and the holder for the purpose of purchasing such shares pursuant to the Plan.


- (iv) Should the Corporation be unable to effect lawful payment of the total redemption price for all the Preferred Shares, Series 3, required to be redeemed by all the holders of such shares from whom a Retraction Notice has been received, there shall, from time to time and until such time as the full liability of the Corporation has been discharged, be paid to each such holder or applied toward the repayment of any loan referred to in subparagraph (iii)(C) of these articles that portion of the total redemption price the Corporation is lawfully able to pay which the redemption price for the number of shares set forth in his Retraction Notice bears to the redemption price for the aggregate number of shares set forth in all Retraction Notices received by the Corporation at the time the said thirty (30) days commences to run prior to Retraction Date.
- (v) Conversions: A holder of Preferred Shares, Series 3, shall have the right ("Conversion Right") to require that:
- (A) on August 7, 1996 four-fifths of the total number of the Preferred Shares, Series 3 held by him, and on August 7, 1997 one-fifth of the total number of the Preferred Shares, Series 3 held by him (each of such dates is hereafter referred to as a "Conversion Date"), be converted into the Common Shares of the Corporation at the ratio of one (1) Preferred Share, Series 3, for ten (10) Common Shares. The Conversion Right shall be cumulative so that the number of Preferred Shares, Series 3, not converted on a Conversion Date shall be added to the number of such shares which the holder thereof would be entitled to have converted on the next Conversion Date; and
- (B) within thirty (30) days of the termination of the employment by the Corporation of a holder of Preferred Shares, Series 3, for any reason whatsoever (including without limitation death or disability), that number of Preferred Shares, Series 3 held by him which equals the cumulative total number of such shares he was entitled to convert pursuant to subparagraph (A) above on the immediately preceding anniversary date, be converted into Common Shares of the Corporation at the ratio of one (1) Preferred Share, Series 3 for ten (10) Common Shares.
- (vi) The Conversion Right provided for in paragraph (v) shall be exercised by notice in writing ("Conversion Notice") given to the Secretary of the Corporation and, subject to any Employee Loan Agreement, accompanied by the certificate or certificates representing the Preferred Shares, Series 3, in respect of which the holder thereof desires to exercise his Conversion Right and such Conversion Notice shall be signed by the person registered on the books of the Corporation as the holder of such shares or by his duly authorized delegate or representative or attorney and shall specify the number of Preferred Shares, Series 3, which the holder desires to be converted. Upon receipt of the Conversion Notice the Corporation shall issue certificates representing fully paid non-assessable Common Shares on the basis above prescribed and in accordance with the provisions hereof to the holder of the Preferred Shares, Series 3, represented by the certificate or certificates accompanying the Conversion Notice or held in accordance with any said Employee Loan Agreement, as the case may be; if less than all the Preferred Shares, Series 3, represented by any certificate are to be converted, the holder, subject to the terms of any such Employee Loan Agreement, shall be entitled, subject to any such Employee Loan Agreement, to a new certificate representing the Preferred Shares, Series 3, comprised in the original certificate which are not to be converted.
- (vii) In the event that the Common Shares are at any time reclassified or subdivided or consolidated or exchanged [except when Preferred Shares, Series 3, are converted into Common Shares on the exercise of the Conversion Right provided for in paragraph (v)] into a greater or lesser number of shares of the same or another class then, unless done by the Board of Directors of the Corporation in its administration of the Plan, appropriate adjustments shall be made in the number of and to the rights and conditions attached to the Preferred Shares, Series 3, so as to maintain and preserve the relative numbers and rights of the holders of the shares of each of the said classes. In the event that the Corporation is

discontinued as a corporation to which the Business Corporations Act (Alberta) applies and is continued under some other law or is amalgamated or merged with another body corporate, or in the event of a sale or lease or exchange of all or substantially all the property of the Corporation other than in the ordinary course of business, each Preferred Share, Series 3, shall thereupon or immediately thereafter be convertible at the option of the holder thereof either into a security of or offered by the continued or amalgamated or merged or successor body corporate, as the case may be, having rights in all respects equal to the rights attached to Preferred Shares, Series 3, by these articles or into a number of Common Shares of or offered by the said body corporate equal to the number of Common Shares of the Corporation to which a holder of Preferred Shares, Series 3, would have been entitled had all such shares been converted under these articles immediately prior to the continuance or amalgamation or merger or sale or lease or exchange of all or substantially all the property of the Corporation. No reclassification or subdivision or consolidation or exchange or discontinuance and continuance or amalgamation or sale or lease or exchange of all or substantially all the property of the Corporation other than in the ordinary course of business shall be proposed or approved unless in the reasonable opinion of the Board of Directors of the Corporation all the necessary steps required to give effect to the provisions of this paragraph (vii), so as to ensure that the rights thereby conferred on a holder of Preferred Shares, Series 3 are protected, have first been taken; provided that a decision by the Board of Directors of the Corporation, made in good faith in reliance on a certificate by the auditor of the Corporation or by any independent firm of chartered accountants (either of whom may be designated by the holders of a majority of the Preferred Shares, Series 3, then issued and outstanding in a written notice given by the said holders to the Corporation within a reasonable period of time having regard to all the circumstances which then prevail) setting forth the number of shares into which Preferred Shares, Series 3 may be converted under the provisions of this paragraph (vii) shall, in the absence of fundamental error, be conclusive and binding on the Corporation and on all the holders of Preferred Shares, Series 3.

- (viii) Selective Redemption: The Corporation shall, upon the termination of the employment by the Corporation of a holder of Preferred Shares, Series 3, for any reason whatsoever (including without limitation death or disability), have the right ("Redemption Right") to redeem all or any number of the Preferred Shares, Series 3, then owned by the said holder provided that:
- (A) written notice ("Redemption Notice") of the exercise of the Redemption Right, stating the number of Preferred Shares, Series 3 which are to be redeemed, is given by the Corporation to the holder no less than thirty (30) clear days prior to a date stipulated in the Redemption Notice as the date upon which the shares are to be redeemed;
 - (B) the redemption price for each share shall be not less nor more than the stated capital thereof and shall not bear interest against the Corporation;
 - (C) the Corporation shall be entitled to have the redemption price for such shares applied in whole or in part toward the repayment of any loan granted by the Corporation to the holder for the purpose of purchasing such shares; and
 - (D) on receipt of the Redemption Notice, the holder shall be entitled to convert any and all Preferred Shares, Series 3 registered in the name of the holder in accordance with and subject to paragraphs (v), (vi) and (vii) hereof.
- (ix) Should the Corporation be unable to effect lawful payment of the total redemption price for all the Preferred Shares, Series 3, entitled to be redeemed from all the holders of such shares to whom a Redemption Notice has been given, there shall, from time to time and until such time as the full liability of the Corporation has been discharged, be paid to each such holder or applied toward the repayment of any loan referred to in subparagraph (viii)(C) of these articles that portion of the total redemption price the Corporation is

lawfully able to pay which the redemption price for the number of shares set forth in the Redemption Notice to him bears to the redemption price for the aggregate number of shares set forth in all Redemption Notices at the time given by the Corporation.

- (x) In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of its assets among its shareholders for the purpose of winding-up its affairs or by way of return of capital, the holders of the Preferred Shares, Series 3, shall be entitled to receive rateably with the holders of the Common Shares an amount which is equal to the stated capital thereof [being the amount which such holders of Preferred Shares, Series 3, would have received had they exercised the Conversion Right provided for in paragraph (v)]
- (xi) Redemption: Subject to the provisions of the Business Corporations Act (Alberta), the Corporation may redeem, upon giving notice as hereinafter provided, the whole or any part of the Preferred Shares, Series 3, on payment for each share to be redeemed an amount equal to the stated capital thereof, together with all dividends declared thereon and unpaid; in case a part only of the then outstanding Preferred Shares, Series 3 is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors in their discretion shall decide or, if the directors so determine, may be redeemed pro rata, disregarding fractions, and the directors may make such adjustments as may be necessary to avoid the redemption of fractional parts of shares; not less than thirty (30) days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares to be redeemed, specifying the date and place or places of redemption; if notice of any such redemption be given by the Corporation in the manner aforesaid and an amount sufficient to redeem the shares be deposited with any trust company or chartered bank in Canada as specified in the notice on or before the date fixed for redemption, dividends on the Preferred Share, Series 3, to be redeemed shall cease after the date so fixed for redemption and the holders thereof shall thereafter have no rights against the Corporation in respect thereof except, upon the surrender of certificates for such shares, to receive payment therefor out of the moneys so deposited; after the redemption price of such shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Preferred Shares, Series 3 called for redemption who have failed to present the certificates representing such shares within two (2) months of the date specified for redemption that the money has been so deposited and may be obtained by the holders of the said Preferred Shares, Series 3 upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank. All interest earned on the money so deposited shall be the absolute property of the Corporation and the said holders shall have no claim thereto whatsoever. The provisions of subparagraphs (viii)(A), (B) and (C) and of paragraph (ix) hereof shall apply to a redemption hereunder."

DATE	SIGNATURE	TITLE
JANUARY 31, 1996	 W. G. HOLMES	VICE-PRESIDENT, FINANCE & SECRETARY
FOR DEPARTMENTAL USE ONLY		FILED