

SECURITIES AND EXCHANGE COMMISSION

FORM 6-K

Current report of foreign issuer pursuant to Rules 13a-16 and 15d-16 Amendments

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FILER

CENOVUS ENERGY INC.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For January 2021

Commission File Number: **1-34513**

CENOVUS ENERGY INC.

(Translation of registrant's name into English)

4100, 225 6 Avenue S.W.
Calgary, Alberta, Canada T2P 1N2
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

The exhibits to this report shall be incorporated by reference into or as an exhibit to, as applicable, the registrant's Registration Statements under the Securities Act of 1933 on Form F-10 (File No. 333-233702), Form S-8 (File No. 333-163397) and Form F-3D (333-202165).

DOCUMENTS FILED AS PART OF THIS FORM 6-K

See the Exhibit Index to this Form 6-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 4, 2021

CENOVUS ENERGY INC.
(Registrant)

By: /s/ Elizabeth A. McNamara
Name: Elizabeth A. McNamara
Title: Assistant Corporate Secretary

Form 6-K Exhibit Index

Exhibit No.	Description
99.1	<u>Warrant Indenture, dated January 1, 2021, by and between Cenovus Energy Inc. and Computershare Trust Company of Canada.</u>
99.2	<u>Amended and Restated Shareholder Rights Plan Agreement, dated January 1, 2021, by and between the Registrant and Computershare Investor Services Inc., as rights agent.</u>
99.3	<u>Pre-Emptive Rights Agreement, dated January 1, 2021, by and between the Registrant and Hutchison Whampoa Europe Investments S.à r.l.</u>
99.4	<u>Pre-Emptive Rights Agreement, dated January 1, 2021, by and between the Registrant and L.F. Investments S.à r.l.</u>
99.5	<u>Registration Rights Agreement, dated January 1, 2021, by and between the Registrant and Hutchison Whampoa Europe Investments S.à r.l.</u>
99.6	<u>Registration Rights Agreement, dated January 1, 2021, by and between the Registrant and L.F. Investments S.à r.l.</u>
99.7	<u>Specimen Warrant Certificate.</u>
99.8	<u>Articles of Amendment, dated December 30, 2020.</u>
99.9	<u>Certificate of Amendment, dated December 30, 2020.</u>

CENOVUS ENERGY INC.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

WARRANT INDENTURE

January 1, 2021

TABLE OF CONTENTS

	Page
Article 1 Interpretation	2
1.1 Definitions	2
1.2 Gender, Number, etc.	7
1.3 Interpretation not Affected by Headings, etc.	7
1.4 Day not a Business Day	7
1.5 Time of the Essence	7
1.6 Applicable Law	7
1.7 Monetary References	7
1.8 Language	7
1.9 Severability	7
1.10 Conflicts	8
Article 2 Issue of Warrants	8
2.1 Creation, Issue and Terms of Warrants	8
2.2 Registered Warrantholder not a Shareholder	8
2.3 Warrants to Rank <i>pari passu</i>	8
2.4 Form of Warrants, Certificated Warrants	8
2.5 Book Based Warrants	9
2.6 Warrant Certificates	11
2.7 Legends	12
2.8 Register of Warrants	13
2.9 Issue in Substitution for Warrant Certificates Lost, etc.	14
2.10 Exchange of Warrant Certificates	14
2.11 Transfer and Ownership of Warrants	14
2.12 Charges for Exchange and Transfer	15
2.13 Transferee Entitled to Registration	15
2.14 Cancellation of Surrendered Warrants	15
Article 3 Exercise of Warrants	16
3.1 Right and Method of Exercise of Warrants	16
3.2 Effect of Exercise of Warrants	17
3.3 Partial Exercise of Warrants; Fractions	18
3.4 Transfer Fees and Taxes	18
3.5 Warrant Agency	19
3.6 Expiration of Warrants	19
3.7 Cancellation of Surrendered Warrants	19
3.8 Accounting and Recording	19
3.9 Common Share Certificates	20
3.10 No Effective Registration Statement	20
3.11 U.S. Securities Law Matters	20
Article 4 Adjustment of Number of Common Shares	21
4.1 Adjustment of Number of Common Shares and Exercise Price	21
4.2 Entitlement to Common Shares on Exercise of Warrant	25
4.3 No Adjustment for Certain Transactions	25
4.4 Determination by Independent Firm	25

4.5	Proceedings Prior to any Action Requiring Adjustment	25
4.6	Certificate of Adjustment	25
4.7	Notice of Special Matters	26
4.8	No Action after Notice	26
4.9	Protection of Warrant Agent	26
4.10	Other Adjustments	27
4.11	Participation by Registered Warrantholder	27
Article 5 Rights and Covenants of the Corporation		27
5.1	Optional Purchases by the Corporation	27
5.2	General Covenants	27
5.3	Remuneration and Expenses of Warrant Agent	28
5.4	Performance of Covenants by Warrant Agent	28
5.5	Enforceability of Warrants	29
Article 6 Enforcement		29
6.1	Suits by Registered Warrantholders	29
6.2	Suits by the Corporation	30
6.3	Limitation of Liability	30
6.4	Waiver of Default	30
Article 7 Meetings of Registered Warrantholders		31
7.1	Right to Convene Meetings	31
7.2	Notice	31
7.3	Chair	31
7.4	Quorum	31
7.5	Power to Adjourn	32
7.6	Show of Hands; Other Means of Voting	32
7.7	Poll and Voting	32
7.8	Regulations	33
7.9	Corporation and Warrant Agent May be Represented	33
7.10	Powers Exercisable by Extraordinary Resolution	34
7.11	Meaning of Extraordinary Resolution	34
7.12	Powers Cumulative	35
7.13	Minutes	35
7.14	Instruments in Writing	35
7.15	Binding Effect of Resolutions	36
7.16	Holdings by Corporation Disregarded	36
Article 8 Supplemental Indentures		36
8.1	Provision for Supplemental Indentures for Certain Purposes	36
8.2	Successor Entities	37
Article 9 Concerning The Warrant Agent		37
9.1	Trust Indenture Legislation	37
9.2	Rights and Duties of Warrant Agent	37
9.3	Evidence, Experts and Advisers	38
9.4	Documents, Monies, etc. Held by Warrant Agent	39
9.5	Actions by Warrant Agent to Protect Interest	39
9.6	Warrant Agent Not Required to Give Security	39

9.7	Protection of Warrant Agent	39
9.8	Replacement of Warrant Agent; Successor by Merger	40
9.9	Conflict of Interest	41
9.10	Acceptance of Agency	41
9.11	Warrant Agent Not to be Appointed Receiver	41
9.12	Knowledge of Warrant Agent	41
9.13	Indemnification of Warrant Agent	41
9.14	Anti-Money Laundering	42
9.15	Warrant Agent Not Required to Give Notice of Default	42
9.16	Right of Warrant Agent Not to Act	42
9.17	Compliance with Privacy Code	43
9.18	U.S. Securities Matters	43
Article 10 General		43
10.1	Notice to the Corporation and the Warrant Agent	43
10.2	Notice to Registered Warrantholders	44
10.3	Evidence of Ownership	45
10.4	Counterparts	45
10.5	Satisfaction and Discharge of Indenture	45
10.6	Provisions of Indenture and Warrants for the Sole Benefit of Parties and Registered Warrantholders	46
10.7	Common Shares or Warrants Owned by the Corporation or its Subsidiaries - Certificate to be Provided	46
10.8	Force Majeure	46
10.9	Successors	46

THIS WARRANT INDENTURE

BETWEEN

CENOVUS ENERGY INC., a corporation existing under the laws of Canada having an office in Calgary, Alberta (the "**Corporation**")

and

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and authorized to carry on business in all provinces of Canada (the "**Warrant Agent**")

RECITALS

- A. The Corporation intends to complete a transaction pursuant to a plan of arrangement (the "**Plan of Arrangement**") implemented under section 193 of the *Business Corporation Act* (Alberta), RSA 2000, c B-9, as approved by an order of the Court of Queen's Bench of Alberta on December 16, 2020.
- B. In connection with the Arrangement (as defined herein) and pursuant to the Plan of Arrangement, the Corporation shall cause Warrants to be issued and distributed to Husky Common Shareholders (as defined in the Plan of Arrangement).
- C. Each Warrant issued pursuant to the Plan of Arrangement shall, subject to adjustment in certain circumstances, entitle the holder thereof to acquire one (1) Common Share at the price and upon the terms and conditions herein set forth.
- D. All acts and deeds necessary have been done and performed to create the Warrants, when issued as provided in this Indenture, as legal, valid and binding obligations of the Corporation with the benefits and subject to the terms of this Indenture.

The foregoing statements of fact and recitals are made by the Corporation and not the Warrant Agent.

In consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation hereby appoints the Warrant Agent as warrant agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Warrants issued pursuant to this Indenture and the parties hereto agree as follows.

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Indenture, including the recitals and schedules hereto and in all indentures supplemental hereto (unless otherwise stated):

"**Adjustment Period**" means the period immediately following the Effective Time up to and including the Time of Expiry;

"**affiliate**" has the meaning set forth in the Securities Act;

"**Applicable Legislation**" means (i) any statute of Canada or a province thereof, and the regulations under any such named or other statute, relating to warrant indentures or to the rights, duties and obligations of warrant agents under warrant indentures, to the extent that such provisions are at the time in force and applicable to this Indenture, (ii) Canadian Securities Laws and (iii) U.S. Securities Laws;

"**Approved Bank**" has the meaning set forth in Section 9.4;

"**Arrangement**" means the plan of arrangement to give effect to a transaction involving, among others, the Corporation and Husky Energy Inc. pursuant to and in accordance with the provisions of the *Business Corporations Act* (Alberta), as approved by an order of the Court of Queen's Bench of Alberta on December 16, 2020;

"**Authenticated**" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Corporation or on which the signatures of the Corporation have been printed, lithographed or otherwise mechanically reproduced and authenticated by signature of an authorized officer of the Warrant Agent, (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.6 are entered in the register of holders of Warrants, "**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

"**Book Based Participants**" means institutions that participate directly or indirectly in the Depository's book based registration system for the Warrants;

"**Book Based Warrants**" means Warrants that are to be held only by or on behalf of the Depository;

"**Business Day**" means a day which is not Saturday or Sunday, a statutory holiday in the Province of Alberta, a federal legal holiday in the United States, a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close, or a day on which the Warrant Agent is closed for business;

"**Canadian Securities Laws**" means, collectively, the securities acts or similar statutes of each of the provinces and territories of Canada and the respective rules and regulations under such laws, together with applicable published national, multilateral and local policy statements, instruments, notices and blanket orders of the provinces and territories of Canada and all rules, by-laws and regulations governing the TSX;

"**Capital Reorganization**" has the meaning set forth in subsection 4.1(d);

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**CDS Global Warrants**" means Warrants representing all or a portion of the aggregate number of Warrants issued in the name of CDS represented by an Uncertificated Warrant, or if requested by CDS or the Corporation, by a Warrant Certificate;

"**Certificated Warrants**" means a Warrant evidenced by a writing or writings substantially in the form of Schedule "A", attached hereto;

"**Common Share Reorganization**" has the meaning set forth in subsection 4.1(a);

"**Common Shares**" means common shares in the capital of the Corporation;

"**Confirmation**" has the meaning set forth in subsection 3.1(c);

"**Corporation**" means Cenovus Energy Inc.;

"**Corporation's Auditor**" means the firm of independent professional accountants that is duly appointed as auditor of the Corporation;

"**Counsel**" means a barrister or solicitor or a firm of barristers and solicitors retained by the Warrant Agent or retained by the Corporation and acceptable to the Warrant Agent or, in the case of matters pertaining to the laws of the United States or its political subdivisions, an attorney or firm of attorneys of recognized standing that is retained by the Warrant Agent or retained by the Corporation and acceptable to the Warrant Agent;

"**Current Market Price**" in respect of a Common Share at any date, means the volume weighted average price per Common Share for the 20 consecutive Trading Days ending on the third Trading Day before such date on the TSX, or, if the Common Shares are not then listed on the TSX, then on such other stock exchange on which the Common Shares are then listed as may be selected by the board of directors of the Corporation, or, if the Common Shares are not then listed on a stock exchange, on the over-the-counter market; the volume weighted average price shall be determined by dividing the aggregate of the sales prices of all such Common Shares sold on such exchange or market, as the case may be, during the said 20 consecutive Trading Days by the total number of Common Shares so sold; provided that, if the Common Shares are not listed on a stock exchange and there is no market for the Common Shares during all or part of such period during which the Current Market Price thereof would otherwise be determined, the Current Market Price in respect of a Common Share shall in respect of all or such part of the period be determined by such nationally recognized investment banking firm as may be selected by the board of directors of the Corporation in its sole discretion;

"**Depository**" means CDS and DTC or such other persons designated in writing by the Corporation to act as depository in respect of the Warrants;

"**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, reference to action "by the directors" means action by the directors of the Corporation as a board or, whenever duly empowered, action by any committee of such board;

"**Dividends Paid in the Ordinary Course**" means cash dividends declared payable on the Common Shares in any financial year of the Corporation to the extent that such cash dividends:

- (a) are declared and paid in the ordinary course of business; and

- (b) do not exceed, in the aggregate, the greater of: (i) (a) for the 2021 financial year, \$170 million; and (b) for financial years after 2021, 150% of the aggregate amount of the dividends paid by the Corporation on its Common Shares in its immediately preceding financial year which were Dividends Paid in the Ordinary Course for such preceding year; (ii) 100% of the retained earnings of the Corporation as at the end of its immediately preceding financial year; and (iii) 100% of the aggregate consolidated net earnings of the Corporation, determined before computation of extraordinary items but after dividends paid on all Common Shares and first preferred shares of the Corporation, for its immediately preceding financial year, in each case calculated in accordance with Canadian generally accepted accounting principles consistent with those applied in the preparation of the most recently completed audited consolidated financial statements of the Corporation;

"**DTC**" means the Depository Trust Clearing Corporation;

"**DTC Global Warrants**" means Warrants representing all or a portion of the aggregate number of Warrants issued in the name of DTC represented by an Uncertificated Warrant, or if requested by DTC or the Corporation, by a Warrant Certificate;

"**Effective Date**" means the date of this Indenture;

"**Effective Time**" means the time on the Issue Date when the Arrangement becomes effective in accordance with the *Business Corporations Act* (Alberta);

"**Equity Shares**" means the Common Shares and any shares of any other class or series of the Corporation which may from time to time be authorized for issue if by their terms such shares confer on the holders thereof the right to participate in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation beyond a fixed sum or a fixed sum plus accrued dividends;

"**Exchange Basis**" means, as at any time, the number of Common Shares which a Registered Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the provisions of this Indenture, subject to adjustment provided for in Article 4, with the Exchange Basis on the Effective Date being one (1) Common Share for each one (1) whole Warrant.

"**Exercise Date**" means, with respect to any Warrant, the date on which the Warrant Certificate representing such Warrant is validly surrendered for exercise in accordance with the provisions of Article 3;

"**Exercise Form**" has the meaning set forth in subsection 3.1(b);

"**Exercise Price**" with respect to the exercise of any Warrant means \$6.54 per Common Share, unless such price shall have been adjusted in accordance with the provisions of Article 4, in which case it shall mean the adjusted price in effect at such time;

"**Expiry Date**" means January 1, 2026;

"**extraordinary resolution**" has the meaning set forth in Section 7.11;

"**Indemnified Parties**" has the meaning set forth in Section 9.13(a);

"**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including original issuance or registration of transfer of ownership) the Warrant Agent's internal procedures customary at such time

for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

"Issue Date" means the date on which the Arrangement becomes effective;

"NYSE" means the New York Stock Exchange;

"person" means an individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization;

"Plan of Arrangement" has the meaning set forth in the recitals hereto;

"register" means the one set of records and accounts maintained by the Warrant Agent pursuant to Section 2.8;

"Registered Warrantholder", or **"holder"** without reference to Common Shares, means the person who is the registered owner of Warrants as such name appears on the register maintained at the Warrant Agency by the Warrant Agent in accordance with this Indenture, and for greater certainty, shall include the Depository in the case of CDS Global Warrants, DTC Global Warrants or Book Based Warrants;

"Registration Statement" means a shelf registration statement on Form F-10 (or such successor form or, if the Corporation is no longer eligible to use Form F-10 or such successor form, such other form as the Corporation is eligible to use) filed with the SEC under the U.S. Securities Act registering the Common Shares issuable upon exercise of the Warrants;

"SEC" means the United States Securities and Exchange Commission;

"Securities Act" means the *Securities Act* (Alberta), RSA 200, c S-4;

"Shareholder" means a holder of record of one or more Common Shares;

"Subsidiary of the Corporation" or **"Subsidiary"** means any corporation or other person (other than an individual) of which more than 50% of the outstanding voting securities are owned, directly or indirectly, by or for the Corporation, provided that the ownership of such securities confers the right to elect at least a majority of the board of directors (or persons in a similar position of fiduciary responsibility) of such corporation or other person (other than an individual) and includes any entity in like relation to a Subsidiary;

"successor entity" has the meaning set forth in Section 8.2;

"this Warrant Indenture", **"this Indenture"**, **"herein"**, **"hereby"** and similar expressions mean and refer to this warrant indenture and any indenture, deed or instrument supplemental hereto; and the expressions "Article", "Section", "subsection" and "paragraph" followed by a number mean and refer to the specified article, section, subsection or paragraph of this Indenture;

"Time of Expiry" means 4:30 p.m., Calgary time, on the Expiry Date;

"Trading Day" means a day on which the TSX or the NYSE is open for trading or, if the Common Shares are not then listed on the TSX or the NYSE, a day on which such other stock exchange or over-the-counter market, as the case may be, is open for the transaction of business and on which the Common Shares actually trade on such exchange or market;

"**TSX**" means the Toronto Stock Exchange;

"**Uncertificated Warrant**" means any Warrant which is not a Certificated Warrant;

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder;

"**U.S. Person**" means a "U.S. Person" (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act);

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder;

"**U.S. Securities Laws**" means the U.S. Securities Act, U.S. Exchange Act and all other applicable U.S. federal and state securities laws and all rules, regulations and orders promulgated thereunder, and all rules, by-laws and regulations governing the NYSE;

"**U.S. Warrantholder**" means any Registered Warrantholder that is (i) a U.S. Person or a person in the United States; or (ii) acquired Warrants for the account or benefit of any U.S. Person or person in the United States;

"**Warrant Agency**" means the principal office of the Warrant Agent in Calgary, Alberta, the principal office of the Warrant Co-Agent in Denver, Colorado and/or such other place as may be designated in accordance with Section 3.5;

"**Warrant Agent**" means Computershare Trust Company of Canada or its successors from time to time;

"**Warrant Co-Agent**" means Computershare Trust Company NA or its successors from time to time;

"**Warrant Certificate**" means a certificate, in substantially the form attached hereto as Schedule "A", issued on or after the Effective Date to evidence Warrants;

"**Warrantholders' Request**" means an instrument signed in one or more counterparts by Registered Warrantholders entitled to acquire in the aggregate not less than 25% of the aggregate number of Common Shares which could be acquired pursuant to all Warrants then outstanding and unexercised, requesting the Warrant Agent to take some action specified therein;

"**Warrant**" means a share purchase warrant entitling the holder thereof to purchase one (1) Common Share at the Exercise Price, subject to adjustment in certain events, in accordance with the terms and conditions of this Indenture, to be issued and countersigned hereunder as Certificated Warrants and/or Uncertificated Warrants held through the book based registration system on a no certificate issued basis; and

"**written order of the Corporation**", "**written request of the Corporation**", "**written consent of the Corporation**", "**written notice of the Corporation**" and "**certificate of the Corporation**" mean, respectively, a written order, request, consent, notice and certificate signed in the name of the Corporation by any director or officer of the Corporation, and may consist of one or more instruments so executed.

1.2 Gender, Number, etc.

Unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. References to "include", "includes", "including" or "in particular" will be deemed to be followed by the words "without limitation".

1.3 Interpretation not Affected by Headings, etc.

The division of this Indenture into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Warrants.

1.4 Day not a Business Day

In the event that any day on or before which action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence of this Indenture.

1.6 Applicable Law

This Indenture and the Warrant Certificates shall be construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as Alberta contracts. Each of the parties hereto, which shall include the Registered Warrantholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Alberta with respect to all matters arising out of this Indenture and the transactions contemplated herein.

1.7 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.8 Language

The parties hereto confirm their express wish that this Indenture and all documents and agreements directly or indirectly relating thereto be drawn up in the English language.

Les parties reconnaissent leur volonté expresse que le présent acte de fiducie ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.

1.9 Severability

In the event that any provision under this Indenture is determined to be invalid or unenforceable in any respect, such determination will not affect the provision in any other respect or any other provision under this Indenture, all of which will remain in full force and effect.

1.10 Conflicts

In the event there is any conflict between this Indenture and any Warrant Certificate, the provisions under this Indenture will govern and prevail.

ARTICLE 2 ISSUE OF WARRANTS

2.1 Creation, Issue and Terms of Warrants

- (a) A maximum number of 66,697,799 Warrants which are to be issued pursuant to the Arrangement are hereby created and authorized to be issued in accordance with the terms and subject to the conditions hereof. Subject to the applicable conditions for exercise set out in Article 3 having been satisfied and subject to adjustment in accordance with Article 4, each whole Warrant entitles the holder thereof, upon exercise at any time after the Issue Date and ending at the Time of Expiry, to acquire one (1) Common Share upon payment of the Exercise Price.
- (b) No fractional Warrants shall be issued or otherwise provided for hereunder. All fractional Warrants that would otherwise be issuable shall be rounded down to the next whole number of Warrants and no consideration will be paid in lieu of fractional Warrants.
- (c) The number of Common Shares which may be acquired pursuant to the exercise of Warrants and the Exercise Price payable therefor shall be adjusted in the events and in the manner specified in Article 4.
- (d) Each Warrant shall entitle the holder thereof to such other rights and privileges as are set forth in this Indenture.

2.2 Registered Warrantholder not a Shareholder

Nothing in this Indenture or in the holding of a Warrant or Warrant Certificate or otherwise, shall, in itself, confer or be construed as conferring upon a Registered Warrantholder as such any right or interest whatsoever as a Shareholder or as any other shareholder of the Corporation, including the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to receive dividends and other distributions, except as may be provided in this Indenture or any Warrant Certificates.

2.3 Warrants to Rank *pari passu*

All Warrants shall rank *pari passu*, whatever may be the actual date of issue thereof.

2.4 Form of Warrants, Certificated Warrants

The Warrants may be issued in both certificated and uncertificated form. All Warrants issued in certificated form shall be evidenced by a Warrant Certificate (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions. All Warrants issued to the Depository may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Registered Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.5.

2.5 Book Based Warrants

- (a) Reregistration of beneficial interests in and transfers of Warrants held by the Depository shall be made only through the Depository's book based registration system and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by the Depository, from time to time. Except as provided in this Section 2.5, owners of beneficial interests in any CDS Global Warrants or DTC Global Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.8. Notwithstanding any terms set out herein, Warrants having any legend set forth in Section 2.7 and held in the name of the Depository may only be held in the form of Uncertificated Warrants with the prior consent of the Warrant Agent and in accordance with the Internal Procedures.
- (b) Notwithstanding any other provision in this Indenture, no CDS Global Warrants or DTC Global Warrants may be exchanged in whole or in part for Warrants registered, and no transfer of any CDS Global Warrants or DTC Global Warrants in whole or in part may be registered, in the name of any person other than CDS (for such CDS Global Warrants), DTC (for such DTC Global Warrants), or a nominee thereof unless:
- (i) CDS or DTC notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Book Based Warrants and the Corporation is unable to locate a qualified successor;
 - (ii) the Corporation determines that CDS or DTC, as applicable, is no longer willing, able or qualified to discharge properly its responsibilities as holder of the CDS Global Warrants or the DTC Global Warrants, as applicable, and the Corporation is unable to locate a qualified successor;
 - (iii) CDS or DTC ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;
 - (iv) the Corporation determines that the Warrants shall no longer be held as Book Based Warrants through CDS and/or DTC;
 - (v) such right is required by Applicable Legislation, as determined by the Corporation and the Corporation's Counsel; or
 - (vi) such registration is effected in accordance with the internal procedures of the Depository and the Internal Procedures,

following which, Warrants for those holders requesting the same shall be registered and issued to the beneficial owners of such Warrants or their nominees as directed by the holder. The Corporation shall provide a certificate of the Corporation giving notice to the Warrant Agent of the occurrence of any event outlined in this subsection 2.5(b)(i) through 2.5(b)(v).

- (c) Subject to the provisions of this Section 2.5, any exchange of CDS Global Warrants for Warrants which are not CDS Global Warrants and any exchange of DTC Global Warrants for Warrants which are not DTC Global Warrants, may be made in whole or in part in accordance with the provisions of Section 2.10. All such Warrants issued in exchange for CDS Global Warrants or DTC Global Warrants or any portion thereof shall be registered in

such names as CDS or DTC, as applicable, shall direct and shall be entitled to the same benefits and subject to the same terms and conditions as the Warrants or portion thereof surrendered upon such exchange, except insofar as they relate specifically to CDS Global Warrants or DTC Global Warrants (as applicable).

- (d) Every Warrant that is Authenticated upon registration or transfer of a CDS Global Warrant, or in exchange for or in lieu of a CDS Global Warrant, whether pursuant to this Section 2.5, or otherwise, shall be Authenticated in the form of, and shall be, a CDS Global Warrant, unless such Warrant is registered in the name of a person other than CDS for such CDS Global Warrant or a nominee thereof. Every Warrant that is Authenticated upon registration or transfer of a DTC Global Warrant, or in exchange for or in lieu of a DTC Global Warrant, whether pursuant to this Section 2.5, or otherwise, shall be Authenticated in the form of, and shall be, a DTC Global Warrant, unless such Warrant is registered in the name of a person other than DTC for such DTC Global Warrant or a nominee thereof.
- (e) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the CDS Global Warrants and the DTC Global Warrants will be issued as Uncertificated Warrants, unless otherwise requested in writing by the Depository or the Corporation.
- (f) The rights of beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the Depository's book based registration system shall be limited to those established by Applicable Legislation and agreements between the Depository and the Book Based Participants and between such Book Based Participants and the beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the Depository's book based registration system, and such rights must be exercised through a Book Based Participant in accordance with the rules and procedures of the Depository.
- (g) Notwithstanding anything herein to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:
 - (i) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Warrants or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the Depository's book based registration system (other than the Depository or its nominee);
 - (ii) maintaining, supervising or reviewing any records of the Depository or any Book Based Participant relating to any such interest; or
 - (iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Book Based Participant.
- (h) The Corporation may terminate the application of this Section 2.5 in its sole discretion in which case all Warrants shall be evidenced by Warrant Certificates registered in the name of a person other than the Depository.

2.6 Warrant Certificates

- (a) Each Warrant Certificate shall be Authenticated on behalf of the Warrant Agent. Each Warrant Certificate shall be signed by any one duly authorized signatory of the Corporation; whose signature shall appear on the Warrant Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Warrant Certificate which has one signature as hereinbefore provided shall be valid notwithstanding that the person whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Warrant Agent may determine.
- (b) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its applicable Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Corporation.
- (c) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Warrant Certificate shall, subject to the terms of this Indenture and Applicable Legislation, validly entitle the holder to acquire Common Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.
- (d) No Warrant shall be issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by the Warrant Agent. Authentication by the Warrant Agent, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of such Warrant Certificates or Uncertificated Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration thereof. Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that the Warrants so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.
- (e) No Certificated Warrant shall be considered issued and shall not be obligatory nor shall it entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by signature by or on behalf of the Warrant Agent. Such Authentication on any such Certificated Warrant shall be conclusive evidence that such Certificated Warrant is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.
- (f) No Uncertificated Warrant shall be considered issued and shall not be obligatory nor shall it entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by

entry on the register of the particulars of the Uncertificated Warrant. Such entry on the register of the particulars of an Uncertificated Warrant shall be conclusive evidence that such Uncertificated Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

- (g) The Authentication by the Warrant Agent of any Warrants whether by way of entry on the register or otherwise shall not be construed as a representation or warranty by the Warrant Agent as to the validity of the Indenture or such Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or the proceeds thereof.

2.7 Legends

- (a) Notwithstanding anything herein contained, Common Shares will only be issued pursuant to the exercise of any Warrant in compliance with Applicable Legislation of any applicable jurisdiction and, without limiting the generality of the foregoing, in respect of any Warrants exercised for Common Shares the certificates representing the issued Common Shares will bear such legends as may, in the opinion of Counsel to the Corporation, be necessary in order to avoid a violation of Applicable Legislation of such jurisdiction or to comply with the requirements of any stock exchange on which the Common Shares are listed, provided that if, at any time, in the opinion of Counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Common Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Warrant Agent in exchange for a certificate which does not bear such legend.
- (b) Each CDS Global Warrant originally issued in Canada and held by CDS, and each Certificated Warrant that is a CDS Global Warrant issued in exchange therefor or in substitution thereof shall bear or be deemed to bear the following legend or such variations thereof as the Corporation may prescribe from time to time:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO CENOVUS ENERGY INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

2.8 Register of Warrants

- (a) The Warrant Agent shall maintain records and accounts concerning the Warrants, whether Certificated Warrants or Uncertificated Warrants, which shall contain the information called for below with respect to each Warrant, together with such other information as may be required by Applicable Legislation or as the Warrant Agent may elect to record. All such information shall be kept in one set of accounts and records which the Warrant Agent shall designate (in such manner as shall permit it to be so identified as such by an unaffiliated party) as the register of the holders of Warrants. The information to be entered for each account in the register of Warrants at any time shall include:
- (i) the name and address of the holder of the Warrants, the date of Authentication thereof and the number of Warrants;
 - (ii) whether such Warrant is a Certificated Warrant or an Uncertificated Warrant and, if a Warrant Certificate, the unique number or code assigned to and imprinted thereupon and, if an Uncertificated Warrant, the unique number or code assigned thereto if any;
 - (iii) whether such Warrant has been cancelled; and
 - (iv) a register of transfers in which all transfers of Warrants and the date and other particulars of each transfer shall be entered.

The register shall be available for inspection by the Corporation or any Registered Warrantholder during the Warrant Agent's regular business hours on a Business Day. Any Registered Warrantholder exercising such right of inspection shall first provide an affidavit in a form satisfactory to the Corporation and the Warrant Agent stating the name and address of the Registered Warrantholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Registered Warrantholders or to influence the voting of Registered Warrantholders at any meeting of Registered Warrantholders.

- (b) Once an Uncertificated Warrant has been Authenticated, the information set forth in the register with respect thereto at the time of Authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect exercise or proper instructions to the Warrant Agent from the holder as provided herein, except that the Warrant Agent may act unilaterally to make purely administrative changes internal to the Warrant Agent and changes to correct errors. Each person who becomes a holder of an Uncertificated Warrant, by his, her or its acquisition thereof shall be deemed to have irrevocably (i) consented to the foregoing authority of the Warrant Agent to make such minor error corrections and (ii) agreed to pay to the Warrant Agent, promptly upon written demand, the full amount of all loss and expense (including reasonable legal fees of the Corporation and the Warrant Agent plus interest, at an appropriate then prevailing rate of interest to the Warrant Agent), sustained by the Corporation or the Warrant Agent as a proximate result of such error if but only if and only to the extent that such present or former holder realized any benefit as a result of such error and could reasonably have prevented, forestalled or minimized such loss and expense by prompt reporting of the error or avoidance of accepting benefits thereof whether or not such error is or should have been timely detected and corrected by the Warrant Agent; provided, that no person who is a bona fide purchaser without knowledge of such error shall have any such obligation to the Corporation or to the Warrant Agent.

2.9 Issue in Substitution for Warrant Certificates Lost, etc.

- (a) In the event that any Warrant Certificate shall become mutilated or be lost, destroyed or stolen, the Corporation, subject to Applicable Legislation and subsection 2.9(b), shall issue and thereupon the Warrant Agent shall Authenticate and deliver, a new Warrant Certificate of like tenor and bearing the same legend, if applicable, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and the Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrants issued or to be issued hereunder.
- (b) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.9 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent each in their sole discretion, and such applicant shall also be required to furnish an indemnity and surety bond or security in amount and form satisfactory to the Corporation and the Warrant Agent, each in their discretion and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

2.10 Exchange of Warrant Certificates

- (a) Warrant Certificates representing Warrants to acquire any specified number of Common Shares may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for another Warrant Certificate or Warrant Certificates entitling the holder thereto to acquire in the aggregate the same number of Common Shares as may be acquired under the Warrant Certificate or Warrant Certificates so exchanged. Upon compliance with the reasonable requirements of the Warrant Agent and the terms and conditions hereof, the Corporation will Authenticate, and the Warrant Agent will countersign, all Warrant Certificates necessary to carry out these exchanges.
- (b) Warrant Certificates may be exchanged only at the Warrant Agency or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificate tendered for exchange shall be cancelled by the Warrant Agent.

2.11 Transfer and Ownership of Warrants

- (a) The Warrants may only be transferred on the register kept by the Warrant Agent at the Warrant Agency by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent only upon (i) in the case of a Warrant Certificate, surrendering to the Warrant Agent at the Warrant Agency the Warrant Certificates representing the Warrants to be transferred together with a duly executed transfer form as set forth as part of Schedule "A" and (ii) in the case of Book Based Warrants, in accordance with procedures prescribed by the Depository under the book based registration system, and (iii) upon compliance with:
 - (i) the conditions herein;

- (ii) such reasonable requirements as the Warrant Agent or the Corporation may prescribe; and
- (iii) all Applicable Legislation;

and such transfer shall be recorded in such register by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee a Warrant Certificate, or the Warrant Agent shall Authenticate and deliver a Warrant Certificate upon request by the Corporation that part of the CDS Global Warrant or the DTC Global Warrant be certificated. Transfers within the systems of the Depository are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent. Warrants that are held as Book Based Warrants shall be transferred and recorded through the relevant Book Based Participant in accordance with the book entry registration system as the entitlement holder in respect of such Warrants.

- (b) Subject to the provisions of this Indenture and Applicable Legislation, the Registered Warrantholder shall be entitled to the rights and privileges attaching to the Warrants, and the issue of Common Shares by the Corporation upon the exercise of Warrants in accordance with the terms and conditions herein contained shall discharge all responsibilities of the Corporation and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder.

2.12 Charges for Exchange and Transfer

Except as otherwise herein provided, the Warrant Agent may charge to the holder requesting an exchange or transfer a reasonable sum for each new Warrant Certificate issued in exchange for Warrant Certificate(s), and payment of such charges and reimbursement of the Warrant Agent or the Corporation for any and all stamp taxes or governmental or other charges required to be paid shall be made by such holder as a condition precedent to such exchange or transfer.

2.13 Transferee Entitled to Registration

The transferee of a Warrant represented by a Warrant Certificate shall, after the transfer form attached to the Warrant Certificate is duly completed and the Warrant Certificate and form of transfer are lodged with the Warrant Agent, and upon compliance with all other conditions in that regard required by this Indenture and Applicable Legislation, be entitled to have his name entered on the register as the owner of such Warrant free from all equities or rights of set off or counterclaim between the Corporation and his transferor or any previous Registered Warrantholder of such Warrant, save in respect of equities of which the Corporation or the transferee is required to take notice by statute or by order of a court of competent jurisdiction.

2.14 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered pursuant to Article 3 shall be cancelled by the Warrant Agent and all Uncertificated Warrants exercised pursuant to Article 3 shall be deemed cancelled and so noted on the register by the Warrant Agent. Upon request by the Corporation, the Warrant Agent shall furnish to the Corporation a cancellation certificate identifying the Warrant Certificates and/or Uncertificated Warrants so cancelled, the number of Warrants evidenced thereby, the number of Common Shares, if any, issued pursuant to such Warrants and the details of any Warrant Certificates or Uncertificated Warrants issued in substitution or exchange for such cancelled Warrants.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Right and Method of Exercise of Warrants

- (a) Subject to the provisions hereof, each Registered Warrantholder may exercise the right conferred on such holder to subscribe for and purchase such number of Common Shares as is equal to the Exchange Basis for each whole Warrant held after the Issue Date and prior to the Time of Expiry and in accordance with the conditions herein from the Warrant Agent at the Warrant Agency.
- (b) Registered Warrantholders of Warrant Certificates who wish to exercise their Warrants in order to acquire Common Shares must complete the exercise form (the "**Exercise Form**") attached to the Warrant Certificate(s), which form is attached hereto as Schedule "B" and may be amended by the Corporation with the consent of the Warrant Agent, if such amendment does not, in the reasonable opinion of the Corporation and the Warrant Agent, which may be based on the advice of Counsel, materially and adversely affect the rights, entitlements and interests of the Registered Warrantholders, and deliver such certificate(s), the executed Exercise Form and a certified cheque, bank draft, wire transfer or money order in the lawful money of Canada payable to or to the order of the Corporation in an amount equal to the aggregate Exercise Price to the Warrant Agent at the Warrant Agency. The Warrants represented by a Warrant Certificate shall be deemed to be surrendered upon personal delivery of such certificate, Exercise Form and aggregate Exercise Price or, if such documents are sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the Warrant Agency.
- (c) A beneficial owner of Uncertificated Warrants evidenced by a security entitlement in respect of Warrants in the book based registration system who desires to exercise his or her Warrants must do so by causing a Book Based Participant to deliver to the Depository on behalf of the entitlement holder, notice of the beneficial owner's intention to exercise Warrants in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, as well as payment for the aggregate Exercise Price, the Depository shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (a "**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through a book based registration system, including the clearing and settlement system currently utilized by CDS or DTC and their respective participants.
- (d) Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Book Based Participant in a manner acceptable to it. A notice in form acceptable to the Book Based Participant and payment from such beneficial holder should be provided to the Book Based Participant sufficiently in advance so as to permit the Book Based Participant to deliver notice and payment to the Depository and for the Depository in turn to deliver notice and payment to the Warrant Agent prior to Time of Expiry. The Depository will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to the Depository through the book based registration system the Common Shares to which the exercising Registered Warrantholder is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the entitlement holder exercising the Warrants and/or the Book Based Participant exercising the Warrants on its behalf.

- (e) By causing a Book Based Participant to deliver notice to the Depository, a beneficial owner of Warrants shall be deemed to have irrevocably surrendered his or her Warrants so exercised and appointed such Book Based Participant to act as his or her exclusive settlement agent with respect to the exercise and the receipt of Common Shares in connection with the obligations arising from such exercise.
- (f) Any notice which the Depository determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Book Based Participant to exercise or to give effect to the settlement thereof in accordance with the beneficial owner's or the Registered Warrantholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Warrant Agent to the Book Based Participant or the Registered Warrantholder.
- (g) Any exercise form or the Exercise Form referred to in this Section 3.1 shall be signed by the Registered Warrantholder, or its executors or administrators or other legal representatives or an attorney of the Registered Warrantholder, duly appointed by an instrument in writing satisfactory to the Warrant Agent but such exercise form need not be executed by the Depository.
- (h) Any exercise referred to in this Section 3.1 shall require that the entire Exercise Price for the Common Shares to be acquired pursuant to such exercise must be paid at the time of exercise and such Exercise Price, Certificated Warrant and original Exercise Form executed by the Registered Warrantholder or the Confirmation, as applicable, from the Depository must be received by the Warrant Agent prior to the Time of Expiry.
- (i) Warrants may only be exercised pursuant to this Section 3.1 by or on behalf of a Registered Warrantholder, as applicable.
- (j) If the form of Exercise Form set forth in the Warrant Certificate shall have been amended, the Corporation shall cause the amended Exercise Form to be forwarded to all Registered Warrantholders.
- (k) Exercise Forms and Confirmations must be delivered to the Warrant Agent at any time during the actual business hours of the Warrant Agent on any Business Day prior to the Time of Expiry. Any Exercise Form or Confirmations received by the Warrant Agent after business hours on any Business Day other than the Expiry Date will be deemed to have been received by the Warrant Agent on the next following Business Day. Any Exercise Form or Confirmations received by the Warrant Agent after the Time of Expiry will be void.
- (l) Any Warrant with respect to which an Exercise Form or a Confirmation and payment of the Exercise Price is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and of no further force and effect and all rights with respect to such Warrants shall terminate and be cancelled.

3.2 Effect of Exercise of Warrants

- (a) Upon compliance by the holder of any Warrant Certificate with the provisions of Section 3.1, and subject to Section 3.3 and Section 3.11, the Common Shares subscribed for shall be deemed to have been issued as fully paid and non-assessable common shares in the capital of the Corporation and the person or persons to whom such Common Shares are to be issued shall be deemed to have become the holder or holders of record of such Common

Shares on the Exercise Date unless the transfer registers of the Corporation shall be closed on such date, in which case the Common Shares subscribed for shall be deemed to have been issued and such person or persons shall be deemed to have become the holder or holders of record of such Common Shares, on the date on which such transfer registers are reopened.

- (b) Within five Business Days after the Exercise Date of a Warrant as set forth above, the Warrant Agent shall cause to be delivered to the person or persons in whose name or names the Common Shares so subscribed for have been issued, as specified in the Exercise Form or Confirmation, as applicable completed in connection with the exercise of the Warrants, in accordance with the instructions specified in such Exercise Form or Confirmation, as applicable or, if so specified in such Exercise Form or Confirmation, as applicable, cause to be delivered to such person or persons at the Warrant Agency where the Warrants were surrendered, a certificate or certificates for the appropriate number of Common Shares subscribed for or any other appropriate evidence of the issuance of Common Shares to such person or persons in respect of Common Shares issued under the book entry registration system, including a Direct Registration Advice.

3.3 Partial Exercise of Warrants; Fractions

- (a) The holder of any Warrants may acquire a number of Common Shares less than the number which the holder is entitled to acquire pursuant to the surrendered Warrants. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of the Warrants upon exercise thereof shall, in addition, be entitled to receive without charge therefor, a new Warrant Certificate(s), if applicable, in respect of the balance of the Warrants which such holder was entitled to exercise pursuant to the surrendered Warrants and which were not then exercised.
- (b) Notwithstanding anything herein contained, including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Warrants, to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares. Any fractional Common Shares shall be rounded down to the nearest whole number and the holder of such Warrants shall not be entitled to any new Warrant Certificate or other compensation in respect of any fractional Common Shares which are not issued.

3.4 Transfer Fees and Taxes

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Registered Warrantholder, the Registered Warrantholder shall execute the form of transfer and will comply with such reasonable requirements as the Warrant Agent may stipulate and will pay to the Corporation (or the Warrant Agent on behalf of the Corporation) all applicable transfer or similar taxes that the Corporation is required to pay or collect and the Corporation will not be required to issue or deliver certificates evidencing Common Shares unless or until such Registered Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid or that no tax is due.

The Corporation, the Warrant Agent, or any other person acting on their behalf shall be entitled to deduct or withhold from any amounts (whether in cash, Common Shares or other property) otherwise payable or deliverable to any Registered Warrantholder such amounts as the Corporation or the Warrant Agent reasonably determines it is required to deduct or withhold with respect to such payment under any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so deducted or

withheld, such deducted or withheld amounts shall be treated, for all purposes hereof, as having been paid or delivered to the applicable Registered Warrantholder in respect of whom such deduction or withholding was made, provided that such deducted or withheld amounts are timely remitted to the appropriate governmental authority. Any of the Corporation, the Warrant Agent or other person acting on their behalf is authorized to sell or otherwise dispose of any Common Shares or other property as is necessary to provide sufficient funds to enable it to comply with all deduction or withholding requirements applicable to it, and none of the Corporation or the Warrant Agent shall be liable to any person for any deficiency in respect of any proceeds received.

3.5 Warrant Agency

To facilitate the exchange, transfer or exercise of Warrants and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the Warrant Agency, as the agency at which Warrants may be surrendered for exchange or transfer or at which Warrants may be exercised and the Warrant Agent has accepted such appointment. The Corporation may from time to time designate alternate or additional places as the Warrant Agency (subject to the prior approval of the Warrant Agent) and will give notice to the Warrant Agent of any proposed change of the Warrant Agency. Branch registers shall also be kept at such other place or places, if any, as the Corporation, with the approval of the Warrant Agent, may designate. The Warrant Agent will from time to time when requested to do so by the Corporation or any Registered Warrantholder, upon payment of the reasonable charges of the Warrant Agent, furnish a list of the names and addresses of Registered Warrantholders showing the number of Warrants held by each such Registered Warrantholder.

3.6 Expiration of Warrants

Immediately after the Time of Expiry, all rights under any Warrant in respect of which the right of acquisition herein and therein provided for shall not have been exercised shall cease and terminate and such Warrant shall be void and of no further force or effect.

3.7 Cancellation of Surrendered Warrants

All Warrant Certificates surrendered to the Warrant Agent pursuant to Sections 2.9, 2.10, 2.11, 3.1 and 3.3 shall be cancelled by the Warrant Agent and, after the expiry of any period of retention prescribed by Applicable Legislation, destroyed by the Warrant Agent and, upon written request by the Corporation, the Warrant Agent shall furnish to the Corporation a destruction certificate identifying the Warrant Certificates so destroyed, the number of Warrants evidenced thereby and the number of Common Shares which could have been purchased pursuant thereto.

3.8 Accounting and Recording

- (a) The Warrant Agent shall promptly account to the Corporation with respect to Warrants exercised, and shall promptly forward to the Corporation (or into an account or accounts of the Corporation with the bank or trust company designated by the Corporation for that purpose), all monies received by the Warrant Agent on the subscription of Common Shares through the exercise of Warrants. Any monies, securities or other instruments, from time to time received by the Warrant Agent pursuant to the exercise of Warrants shall be received in trust for and shall be segregated and kept apart by the Warrant Agent in trust for the Corporation.
- (b) The Warrant Agent shall record the particulars of Warrants exercised which shall include the names and addresses of the persons who become Shareholders on exercise and the Exercise

Date. Within five Business Days of each Exercise Date, the Warrant Agent shall provide such particulars in writing to the Corporation.

3.9 Common Share Certificates

Notwithstanding anything herein contained, Common Shares will only be issued pursuant to the exercise of the Warrants in compliance with Applicable Legislation. At the instruction of the Corporation, Common Shares issued in connection with the exercise of the Warrants may bear such legends as may be required by Applicable Legislation.

3.10 No Effective Registration Statement

If, at any time following the Issue Date and prior to the Time of Expiry, the Corporation determines that no Registration Statement filed with the SEC is effective, or the use of any such Registration Statement is suspended, no U.S. Warrantholder will be permitted to exercise Warrants unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. The Corporation shall promptly provide written notice of such determination to the Warrant Agent and promptly provide notice when the Registration Statement is effective or any such suspension has been terminated.

3.11 U.S. Securities Law Matters

- (a) In connection with any exercise of Warrants, if it is required by law, the Corporation shall cause to be delivered to any person in whose name the Common Shares issuable upon exercise of the Warrants are to be issued a prospectus that complies with the U.S. Securities Act and that is a part of a Registration Statement. Not later than the date of this Indenture, the Corporation has filed with securities regulatory authorities in each of the provinces and territories of Canada and the SEC a prospectus supplement to the prospectus included in its Registration Statement. The Corporation will use its best efforts to maintain a Registration Statement effective until the earlier of the Time of Expiry or such time as no Warrants remain outstanding (provided, however, that nothing shall prevent the Corporation's amalgamation, arrangement, merger or sale, including any take-over bid, and any associated delisting or deregistration or ceasing to be a reporting issuer, provided that, so long as the Warrants are still outstanding and represent a right to acquire securities of the acquiring company, the acquiring company shall assume the Corporation's obligations under this Indenture). All expenses incidental to the Corporation's performance of or compliance with the foregoing provisions will be borne by the Corporation, including, without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with applicable U.S. Securities Laws and state securities laws; and (iii) all fees and disbursements of Counsel for the Corporation, independent professional accountants of the Corporation and experts retained by the Corporation whose consent is required to be provided with respect to any Registration Statement.
- (b) Notwithstanding any provision of this Indenture to the contrary, unless a Registration Statement shall be effective under the U.S. Securities Act and any prospectus supplement necessary thereto shall have been filed with the SEC and state securities laws are preempted, any Warrants held by U.S. Warrantholders may only be exercised by persons who establish to the reasonable satisfaction of the Corporation and the Warrant Agent (which may include providing an opinion of Counsel) that the issuance of the Common Shares pursuant to the exercise of the Warrants can be completed pursuant to and in accordance with an exemption or exclusion from the registration requirements of the U.S. Securities Act and all applicable state securities laws.

- (c) If any person shall fail to establish to the satisfaction of the Corporation or Warrant Agent the conditions described in subsection (b) above, the holder of the applicable Warrant shall be notified by the Warrant Agent within two Business Days that the evidence provided has been deemed insufficient to permit the exercise of such Warrant and provide a description of the nature of such deficiency. In the case where the Corporation is not satisfied with the provided evidence, it shall furnish to the Warrant Agent either (i) the form of proper notice to be delivered to establish the required evidence or (ii) a description of the deficiency. Until such time as the Corporation or Warrant Agent, as the case may be, acting reasonably, is satisfied with the evidence provided, the holder of the Warrant shall not be permitted to exercise the Warrant.
- (d) The Corporation will notify the Warrant Agent when a Registration Statement becomes effective under the U.S. Securities Act and, except in the case of a Registration Statement becoming effective on or prior to the date of this Indenture, the Warrant Agent will notify the registered holder of Warrants as required. Thereafter, the Warrant Agent may assume that a Registration Statement remains effective until otherwise notified in writing by the Corporation that such Registration Statement is no longer effective. The Corporation shall at all times while the Warrants are outstanding be obligated to provide prompt notice to the Warrant Agent should a Registration Statement not be effective.

ARTICLE 4 ADJUSTMENT OF NUMBER OF COMMON SHARES

4.1 Adjustment of Number of Common Shares and Exercise Price

The acquisition rights, as they relate to Common Shares, attaching to the Warrants in effect at any date, and the Exercise Price in respect thereof, shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time during the Adjustment Period, the Corporation shall:
 - (i) subdivide, re-divide or change its outstanding Common Shares into a greater number of Common Shares,
 - (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares, or
 - (iii) issue Common Shares or securities exchangeable for, or convertible into, Common Shares at no additional cost to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or other distribution (other than the issue of Common Shares to holders of Common Shares pursuant to the exercise of the option to receive dividends in the form of Common Shares in lieu of Dividends Paid in the Ordinary Course on the Common Shares, if applicable),

(any of such events in these paragraphs (a)(i), (a)(ii) and (a)(iii) being called a "**Common Share Reorganization**") then the Exercise Price shall be adjusted as of the record date (or, only if there is no record date, the effective date) of such Common Share Reorganization such that the Exercise Price shall, in the case of the events referred to in (a)(i) or (a)(iii) above, be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, re-division, change or distribution, or shall, in the case of the events referred to in (a)(ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation, in each case by multiplying the Exercise Price in effect immediately prior to such record date (or, only if

there is no record date, the effective date) by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as applicable, before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding as of the record date (or effective date, as applicable) after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares at no additional cost are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date). Such adjustment shall be made successively whenever any event referred to in subsection 4.1(a) shall occur. Upon any adjustment to the Exercise Price pursuant to subsection 4.1(a), the Exchange Basis shall be contemporaneously adjusted by multiplying the number of Common Shares which theretofore may have been purchased under such Warrant by a fraction of which the numerator shall be the respective Exercise Price in effect immediately prior to such adjustment and the denominator shall be the respective Exercise Price resulting from such adjustment.

- (b) If and whenever at any time during the Adjustment Period, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price on such record date, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the Exercise Price in effect on such record date by a fraction of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of any convertible or exchangeable securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any Common Shares owned by or held for the account of the Corporation or any Subsidiary shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or, if any such rights, options or warrants are exercised, to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be. Upon any adjustment or readjustment of the Exercise Price pursuant to subsection 4.1(b), the Exchange Basis will be contemporaneously adjusted by multiplying the Exchange Basis immediately prior to such adjustment or readjustment by a fraction, of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment or readjustment and the denominator shall be the Exercise Price resulting from such adjustment or readjustment. Such adjustment to the Exchange Basis will be made successively whenever such a record date is fixed.
- (c) If and whenever at any time during the Adjustment Period, the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, whether of the Corporation or any other person

(other than Common Shares and other than securities distributed to holders of Common Shares pursuant to the exercise of the option to receive dividends in the form of such securities in lieu of Dividends Paid in the Ordinary Course on the Common Shares, if applicable), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares) (excluding those referred to in subsection 4.1(b)), (iii) evidences of its indebtedness, or (iv) any property or other assets (including cash dividends other than Dividends Paid in the Ordinary Course) then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the aggregate fair market value (as determined by the directors, which determination shall be conclusive, but subject to the approval of the TSX or NYSE, if applicable, for so long as the Common Shares are listed on the TSX or NYSE, as applicable) of such securities, rights, options, warrants, evidences of indebtedness or property or assets to be distributed to the holders of Common Shares, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price; any Common Shares owned by or held for the account of the Corporation or any Subsidiary shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be. Upon any adjustment or readjustment of the Exercise Price pursuant to subsection 4.1(c), the Exchange Basis will be contemporaneously adjusted by multiplying the Exchange Basis in effect immediately prior to such adjustment or readjustment by a fraction, of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment or readjustment and the denominator shall be the Exercise Price resulting from such adjustment or readjustment.

- (d) If and whenever at any time during the Adjustment Period, there is a reclassification of the Common Shares or a capital reorganization of the Corporation (other than as described in subsection 4.1(a)) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity or a liquidation, dissolution or winding up of the Corporation (any of such events being hereinafter called a "**Capital Reorganization**"), any Registered Warrantholder who has not exercised its right of acquisition prior to the effective date of such Capital Reorganization, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such Capital Reorganization, or of the parent entity of such resulting entity, or of such entity to which such sale or conveyance has been made, as the case may be, that such Registered Warrantholder would have been entitled to receive on such Capital Reorganization, if, on the record date or the effective date thereof, as the case may be, the Registered Warrantholder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon exercise of the Warrants. If determined appropriate by the Warrant Agent relying on advice of Counsel, to give effect to or to evidence the provisions of this subsection 4.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case

may be, shall, prior to or contemporaneously with any such Capital Reorganization, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Registered Warrantholders to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Registered Warrantholder is entitled on exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Warrant Agent pursuant to the provisions of this subsection 4.1(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 8. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Warrant Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive Capital Reorganizations.

- (e) In any case in which this Section 4.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Registered Warrantholder of any Warrant exercised after such record date and before the occurrence of such event the additional Common Shares or other securities or property issuable upon such exercise by reason of the adjustment required by such event; provided, however, that the Corporation shall deliver to such Registered Warrantholder an appropriate instrument evidencing such Registered Warrantholder's right to receive such additional Common Shares or other securities or property upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares or other securities or property declared in favour of holders of record of Common Shares or such other securities or property on and after the relevant date of exercise or such later date as such Registered Warrantholder would, but for the provisions of this subsection 4.1(e), have become the holder of record of such additional Common Shares or other securities or property pursuant to subsection 4.1(b).
- (f) Subject to the approval of the TSX or NYSE, if applicable, in any case in which subsections 4.1(a), 4.1(b) or 4.1(c) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if the Registered Warrantholders of the outstanding Warrants receive the Common Shares or securities exchangeable for or convertible into Common Shares referred to in subsection 4.1(a), the rights, options or warrants referred to in subsection 4.1(b) or the securities, rights, options, warrants, evidences of indebtedness or assets referred to in subsection 4.1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrant having then been exercised into Common Shares at the Exercise Price in effect on the applicable record date or effective date, as the case may be.
- (g) The adjustments provided for in this Section 4.1 are cumulative and shall, in the case of adjustments to the Exercise Price, be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 4.1, provided that, notwithstanding any other provision of this Section 4.1, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price then in effect; provided, however, that any adjustments which by reason of this subsection 4.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

- (h) After any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Indenture shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Registered Warrantholder is entitled to receive upon the exercise of such holder's Warrant and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Registered Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant.

4.2 Entitlement to Common Shares on Exercise of Warrant

All Common Shares or shares of any class or other securities or property which a Registered Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Indenture, be deemed to be Common Shares which such Registered Warrantholder is entitled to acquire pursuant to such Warrant.

4.3 No Adjustment for Certain Transactions

Notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made pursuant to this Indenture or in connection with: (a) any incentive plan, restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation, or (b) the satisfaction of existing instruments issued at the date hereof.

4.4 Determination by Independent Firm

In the event of any question arising with respect to the adjustments provided for in this Article 4 such question shall be conclusively determined by such firm of independent professional accountants as may be selected by the Corporation, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrant Agent, all Registered Warrantholders and all other persons interested therein.

4.5 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of Counsel, be necessary in order that the Corporation has sufficient unissued and reserved shares in its authorized capital and may validly and legally issue as fully paid and non-assessable common shares in the capital of the Corporation all the Common Shares or other securities or property which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Article 4, deliver a certificate of the Corporation to the Warrant Agent specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment or readjustment shall, if requested by the Warrant Agent, be supported by a certificate of the Corporation's Auditors verifying such calculation. When so verified, the Warrant Agent shall forthwith give notice, supplied by the Corporation

and at the Corporation's expense, to the Registered Warrantholders specifying the event requiring such adjustment or readjustment and the results thereof including the resulting Exercise Price; provided that, if the Corporation has given notice under Section 4.7 covering all the relevant facts in respect of such event, no such notice to the Registered Warrantholders need be given under this Section 4.6. Any certificate of the Corporation delivered pursuant to this Section 4.6 and the results of the adjustment specified therein shall, subject to the provisions of Section 4.4 and absent manifest error, be conclusive and binding on all Registered Warrantholders.

4.7 Notice of Special Matters

The Corporation covenants with the Warrant Agent that, so long as any Warrant remains outstanding, it will give notice to the Warrant Agent and to the Registered Warrantholders of its intention to fix the record date for any event referred to in subsections 4.1(a), 4.1(b), 4.1(c) and 4.1(d). Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 10 Business Days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Warrant Agent a computation of the adjustment and give notice to the Registered Warrantholders of such adjustment computation.

4.8 No Action after Notice

The Corporation covenants with the Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the Registered Warrantholder of the opportunity to exercise its right of acquisition pursuant thereto during the period of 10 Business Days after the giving of the certificate or notices set forth in Sections 4.6 and 4.7.

4.9 Protection of Warrant Agent

Except as provided in Section 9.2, the Warrant Agent:

- (a) shall be entitled to act and rely on any adjustment calculation of the Corporation or the Corporation's Auditors;
- (b) shall not at any time be under any duty or responsibility to any Registered Warrantholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (c) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;
- (d) shall not be responsible for any failure of the Corporation to issue, transfer or deliver Common Shares or certificates for the same upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 4; and
- (e) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained.

4.10 Other Adjustments

In case the Corporation after the date hereof shall take any action affecting the Common Shares, other than an action otherwise described in Article 4 which in the opinion of the directors would have a material adverse effect on the rights of Registered Warrantholders, the Exercise Price and/or the Exchange Basis and/or kind of Common Shares purchasable upon exercise, there shall be an adjustment in such manner, if any, and at such time, by action by the directors of the Corporation subject to the prior consent of the TSX, NYSE, or other stock exchange, if applicable.

4.11 Participation by Registered Warrantholder

Subject to the approval of the TSX or NYSE, if applicable, no adjustments shall be made pursuant to this Article 4 if the Registered Warrantholders are entitled to participate in any event described in this Article 4 on the same terms, *mutatis mutandis*, as if the Registered Warrantholders had exercised their Warrants prior to, or on the effective date or record date of, such event.

ARTICLE 5 RIGHTS AND COVENANTS OF THE CORPORATION

5.1 Optional Purchases by the Corporation

Subject to compliance with Applicable Legislation and approval of applicable regulatory authorities, if any, the Corporation may from time to time purchase, by private contract or otherwise, any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors of the Corporation, such Warrants are then obtainable and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. In the case of Certificated Warrants, Warrant Certificates representing the Warrants purchased pursuant to this Section 5.1 shall forthwith be delivered to and cancelled by the Warrant Agent and reflected accordingly on the register. In the case of Uncertificated Warrants, the Warrants purchased pursuant to this Section 5.1 shall be reflected accordingly on the register and in accordance with Internal Procedures. No Warrants shall be issued in replacement thereof.

5.2 General Covenants

The Corporation covenants with the Warrant Agent that so long as any Warrants remain outstanding:

- (a) the Warrants, when issued and Authenticated as provided in this Indenture, will be valid and binding obligations enforceable against it in accordance with and subject to the provisions of this Indenture;
- (b) it will reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;
- (c) it will cause the Common Shares and the certificates representing the Common Shares, if applicable, from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with the Warrants and the terms hereof;
- (d) all Common Shares which shall be issued upon exercise of the Warrants shall be fully paid and non-assessable common shares in the capital of the Corporation, free and clear of all encumbrances;

- (e) it will use reasonable commercial efforts to ensure that all Warrants and Common Shares outstanding or issuable from time to time (including the Common Shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the TSX and the NYSE, as applicable, provided that this subsection 5.2(e) shall not be construed as limiting or restricting the Corporation from completing a consolidation, amalgamation, arrangement, takeover bid or merger that would result in the Warrants and Common Shares ceasing to be listed and posted for trading on the TSX or NYSE, as applicable, so long as the holders of Warrants and Common Shares receive securities of an entity which is listed on a stock exchange, or cash, or the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the policies of the TSX or NYSE, as applicable;
- (f) it will make all requisite filings under Applicable Legislation, including those necessary to remain a reporting issuer not in default in each of the provinces and other Canadian jurisdictions where it is or becomes a reporting issuer;
- (g) the Corporation will do, or cause to be done, all things necessary to preserve and keep in full force and effect its corporate existence, provided however that (subject to Article 4 and Section 8.2) nothing will prevent the amalgamation, arrangement, consolidation, merger or sale of, or other business combination involving, the Corporation;
- (h) it will perform and carry out all of the acts or things to be done by it as provided in this Indenture;
- (i) it will execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as the Warrant Agent may reasonably require for the better accomplishing and effecting the intentions and provisions of this Indenture; and
- (j) it will promptly notify the Warrant Agent and the Registered Warrantholders in writing of any default under the terms of this Warrant Indenture which remains unrectified for more than five days following its occurrence.

5.3 Remuneration and Expenses of Warrant Agent

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable and documented expenses, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable and documented compensation and the disbursements of its Counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise out of or result from the gross negligence, wilful misconduct or bad faith of the Warrant Agent. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

5.4 Performance of Covenants by Warrant Agent

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Warrant Agent may notify the Registered Warrantholders of such failure on the part of the Corporation and may itself perform any of the covenants capable of being performed by it but, subject to Section 9.2, shall be under no

obligation to perform such covenants or to notify the Registered Warrantholders of such performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 5.4. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

5.5 Enforceability of Warrants

The Corporation represents, warrants and covenants that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Corporation in accordance with the terms and provisions hereof and that, subject to the provisions of this Indenture, the Corporation will cause the Common Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 6 ENFORCEMENT

6.1 Suits by Registered Warrantholders

- (a) All or any of the rights conferred upon any Registered Warrantholder by any of the terms of the Warrant Certificates or of this Indenture, or of both, may be enforced by the Registered Warrantholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Registered Warrantholders.
- (b) All rights of action under this Indenture may be enforced by the Warrant Agent without the possession of any of the Warrants or the production thereof on any trial or other proceedings relative thereto.
- (c) The Warrant Agent shall be entitled and empowered, either in its own name or as Warrant Agent of an express trust, or as attorney-in-fact for the Registered Warrantholders, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claim of the Warrant Agent and the Registered Warrantholders allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Warrant Agent is hereby irrevocably appointed (and the successive respective Registered Warrantholders by taking and holding the same shall be conclusively deemed to have so appointed the Warrant Agent) the true and lawful attorney-in-fact of the respective Registered Warrantholders or on behalf of the Registered Warrantholders as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the Registered Warrantholders themselves if and to the extent permitted hereunder, for any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of the Registered Warrantholders, as may be necessary or advisable in the opinion of the Warrant Agent, in order to have the respective claims of the Warrant Agent and of the Registered Warrantholders against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that nothing contained in this Indenture shall be deemed to give the Warrant Agent, unless so authorized by extraordinary resolution (as provided in Section 7.11), any right to accept or consent to

any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Registered Warrantholder.

- (d) The Warrant Agent shall also have the power, but not the obligation, at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Registered Warrantholders.
- (e) Any such suit or proceeding instituted by the Warrant Agent may be brought in the name of the Warrant Agent as Warrant Agent of an express trust, and any recovery of judgment shall be for the rateable benefit of the Registered Warrantholders subject to provisions of this Indenture. In any proceeding brought by the Warrant Agent (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Warrant Agent shall be a party), the Warrant Agent shall be held to represent all the Registered Warrantholders, and it shall not be necessary to make any Registered Warrantholders parties to any such proceeding.

6.2 Suits by the Corporation

The Corporation shall have the right to enforce full payment of the Exercise Price for all Common Shares issued by the Corporation to a Registered Warrantholder hereunder and shall be entitled to demand such payment from the Registered Warrantholder or alternatively to instruct the Warrant Agent to cancel the share certificates and amend the securities register accordingly.

6.3 Limitation of Liability

The obligations of the Corporation hereunder are not binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors of the Corporation or Shareholders or any successor to the Corporation or any of the past, present or future officers, employees or agents of the Corporation or of any successor to the Corporation, but only the property of the Corporation or of any successor to the Corporation shall be bound in respect hereof, excepting incidences of gross negligence, wilful misconduct and fraud.

6.4 Waiver of Default

Upon the happening of any default on the part of the Corporation in complying with any provisions of this Indenture or the Warrant Certificates:

- (a) the Registered Warrantholders of not less than 51% of the Warrants then outstanding shall have power (in addition to the powers exercisable by extraordinary resolution as provided in Section 7.10) by requisition in writing to instruct the Warrant Agent to waive, either unconditionally or upon any conditions specified, any default under this Indenture or the Warrant Certificates and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or
- (b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, if, in the opinion of the Warrant Agent, based on the advice of Counsel, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Warrant Agent or of the Registered Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a

waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Registered Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 7 MEETINGS OF REGISTERED WARRANTHOLDERS

7.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall (a) on receipt of a written request of the Corporation or of a Warrantholders' Request and (b) upon receiving sufficient funds to cover any costs and expenses and/or being indemnified to its reasonable satisfaction by the Corporation or by the Registered Warrantholders signing such Warrantholders' Request against the cost which may be incurred by the Warrant Agent in connection with the calling and holding of such meeting, convene a meeting of the Registered Warrantholders. In the event of the Warrant Agent failing to so convene a meeting within 15 days after receipt of such written request of the Corporation or such Warrantholders' Request and sufficient funds and/or indemnity given as aforesaid, the Corporation or such Registered Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Calgary, Alberta, at such other place in Canada or by telephonic or other electronic means, as may be approved or determined by the Warrant Agent with the consent of the Corporation. A person participating in a meeting held by telephonic or other electronic means shall be deemed to be present in person at such meeting.

7.2 Notice

At least 21 days' prior written notice of any meeting of Registered Warrantholders shall be given to the Registered Warrantholders in the manner provided for in Section 10.2 and a copy of such notice shall be sent by mail to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation) in the manner provided for in Section 10.1. Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Registered Warrantholders to make a reasoned decision on the matters to be considered at the meeting, but it shall not be necessary for any such notice to set out any of the provisions of this Article 7. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or the Corporation or by the Registered Warrantholder or Registered Warrantholders convening the meeting.

7.3 Chair

An individual (who need not be a Registered Warrantholder) designated in writing by the Warrant Agent and acceptable to the Corporation, acting reasonably, shall be chair of the meeting and if no individual is so designated, or if the individual so designated is not present within 15 minutes from the time fixed for the holding of the meeting, the Registered Warrantholders present in person or by proxy shall choose an individual present to be chair.

7.4 Quorum

Subject to the provisions of Section 7.11, at any meeting of the Registered Warrantholders a quorum shall consist of Registered Warrantholders present in person or by proxy and entitled to purchase at least 25% of the aggregate number of Common Shares which could be acquired pursuant to all the then outstanding Warrants, provided that at least two persons entitled to vote thereat are present in person or by proxy. If a quorum of the Registered Warrantholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Registered Warrantholders or on a Warrantholders'

Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum be present at the commencement of business. At the adjourned meeting the Registered Warrantheolders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not be entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to all then outstanding Warrants.

7.5 Power to Adjourn

The chair of any meeting at which a quorum of the Registered Warrantheolders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

7.6 Show of Hands; Other Means of Voting

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands or by other means as the Warrant Agent, or the Corporation with the approval of the Warrant Agent, may deem appropriate, except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7.7 Poll and Voting

- (a) On every extraordinary resolution, and on any other question submitted to a meeting and after a vote by show of hands, or by other means in accordance with Section 7.6, when demanded by the chair or by one or more of the Registered Warrantheolders acting in person or by proxy and holding at least 5% of the aggregate number of Warrants then outstanding, a poll shall be taken in such manner as the chair shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll.
- (b) On a show of hands, or by other means in accordance with Section 7.6, every person who is present and entitled to vote, whether as a Registered Warrantheolder or as proxy for one or more absent Registered Warrantheolders, or both, shall have one vote. On a poll, each Registered Warrantheolder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant then held or represented by it. A proxy need not be a Registered Warrantheolder. The chair of any meeting shall be entitled, both on a show of hands, or by other means in accordance with Section 7.6 and on a poll, to vote in respect of the Warrants, if any, held or represented by the chair of such meeting.

7.8 Regulations

Subject to compliance with the provisions of this Indenture and Applicable Legislation, the Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and from time to time vary such regulations as it shall think fit for:

- (a) the setting of the record date for a meeting for the purpose of determining Registered Warrantheolders entitled to receive notice of and to vote at the meeting;
- (b) the means by which a meeting may be convened or held (including by telephonic or other electronic means) and/or the means in which voting may be conducted at a meeting of Registered Warrantheolders;
- (c) for Registered Warrantheolders to appoint a proxy or proxies to represent them and vote for them at any such meeting (and any adjournment thereof) and the manner in which same is to be executed, and for the production of the authority of any persons signing on behalf of the Registered Warrantheolder appointing them;
- (d) the deposit of instruments appointing proxies at such place and time as the Warrant Agent, the Corporation or the Registered Warrantheolders convening the meeting, as the case may be, may in the notice convening the meeting direct;
- (e) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or sent by facsimile or other electronic format before the meeting to the Corporation or to the Warrant Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;
- (f) the form of the instrument of proxy or the manner in which it must be executed; and
- (g) generally for the calling of meetings of Registered Warrantheolders and the conduct of business thereat.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Registered Warrantheolder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Registered Warrantheolders or proxies of Registered Warrantheolders.

7.9 Corporation and Warrant Agent May be Represented

The Corporation and the Warrant Agent, by their respective directors, officers and employees, and the Counsel for the Corporation and for the Warrant Agent may attend any meeting of the Registered Warrantheolders, but shall have no vote thereat, whether in respect of any Warrants held by them or otherwise.

7.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Registered Warranholders at a meeting shall, subject to the provisions of Section 7.11, have the power, exercisable from time to time by extraordinary resolution:

- (a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Registered Warranholders or, subject to the consent of the Warrant Agent, the Warrant Agent in its capacity as Warrant Agent hereunder or on behalf of the Registered Warranholders, in each case which may be agreed to by the Corporation, whether such rights arise under this Indenture or the Warrant Certificates or otherwise;
- (b) to amend, alter or repeal any extraordinary resolution previously passed or sanctioned by the Registered Warranholders;
- (c) to direct or to authorize the Warrant Agent to enforce any of the covenants on the part of the Corporation contained in this Indenture or the Warrant Certificates or to enforce any of the rights of the Registered Warranholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;
- (d) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture or the Warrant Certificates either unconditionally or upon any conditions specified in such extraordinary resolution;
- (e) to restrain any Registered Warranholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or the Warrant Certificates or to enforce any of the rights of the Registered Warranholders;
- (f) to direct any Registered Warranholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Registered Warranholder in connection therewith;
- (g) to assent to any change in or omission from the provisions contained in the Warrant Certificates or this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;
- (h) with the consent of the Corporation, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent to take the place of the Warrant Agent so removed; and
- (i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation.

7.11 Meaning of Extraordinary Resolution

- (a) The expression "**extraordinary resolution**" when used in this Indenture means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a meeting of Registered Warranholders duly convened for that purpose and held in

accordance with the provisions of this Article 7 at which there are present in person or by proxy Registered Warranholders holding at least 25% of the aggregate number of Warrants then outstanding and passed by the affirmative votes of Registered Warranholders holding not less than 66⅔% of the aggregate number of Warrants then outstanding represented at the meeting and voted on the poll upon such resolution.

- (b) If, at the meeting at which an extraordinary resolution is to be considered, Registered Warranholders holding at least 25% of the aggregate number of Warrants then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Registered Warranholders or on a Warranholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 15 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days' prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 10.2. Such notice shall state that at the adjourned meeting the Registered Warranholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Registered Warranholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection 7.11(a) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Registered Warranholders representing at least 25% of the aggregate number of Warrants then outstanding are not present in person or by proxy at such adjourned meeting.
- (c) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

7.12 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Registered Warranholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Registered Warranholders to exercise such power or powers or combination of powers then or thereafter from time to time.

7.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Registered Warranholders shall be made and duly entered in books to be provided from time to time for that purpose by the Warrant Agent at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chair or the secretary of the meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

7.14 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Registered Warranholders at a meeting held as provided in this Article 7 may also be taken and exercised by Registered Warranholders holding at least 66⅔% of the aggregate number of all of the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Registered Warranholders in person or by attorney duly

appointed in writing, and the expressions "resolution" and "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

7.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 7 at a meeting of Registered Warrantholders shall be binding upon all the Registered Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Registered Warrantholders in accordance with Section 7.14 shall be binding upon all the Registered Warrantholders, whether signatories thereto or not, and each and every Registered Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.16 Holdings by Corporation Disregarded

In determining whether Registered Warrantholders are present at a meeting of Registered Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request, or other action under this Indenture, Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation shall be disregarded in accordance with the provisions of Section 10.7.

ARTICLE 8 SUPPLEMENTAL INDENTURES

8.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Corporation (when authorized by action of the directors of the Corporation) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper directors or officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) setting forth any adjustments resulting from the application of the provisions of Article 4;
- (b) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Warrant Agent relying on the advice of Counsel, prejudicial to the interests of the Registered Warrantholders;
- (c) giving effect to any extraordinary resolution passed as provided in Article 7;
- (d) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining or maintaining a listing or quotation of the Warrants on any stock exchange, provided that such provisions are not, in the opinion of the Warrant Agent relying on the advice of Counsel, prejudicial to the interests of the Registered Warrantholders;
- (e) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants, and making any modification in the form of the Warrant Certificates which does not affect the substance thereof;
- (f) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such

modification or relief shall be or become operative or effective only if, in the opinion of the Warrant Agent relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights of the Registered Warrantheolders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative;

- (g) modifying any of the provisions of this Indenture as may be necessary (or, to the extent such modifications are not, in the opinion of the Warrant Agent relying on the advice of Counsel, prejudicial to the interests of the Registered Warrantheolders, desirable) to comply with the provisions of any regulatory or taxing legislation applicable to the Corporation;
- (h) providing for the issuance of additional Warrants hereunder, including Warrants in excess of the number set out in Article 2 and any consequential amendments hereto as may be required by the Warrant Agent relying on the advice of Counsel; and
- (i) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of the Warrant Agent relying on the advice of Counsel the rights of the Warrant Agent and of the Registered Warrantheolders are in no way prejudiced thereby.

Notwithstanding anything to the contrary in this Indenture, no supplement or amendment to this Indenture or to the provisions of the Warrants may be made without the prior consent of the TSX or NYSE (or such other stock exchange on which the Common Shares may be listed for trading), if required.

8.2 Successor Entities

In the case of the consolidation, amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to or with another person, trust, corporation, partnership or similar entity (a "**successor entity**"), the successor entity resulting from such consolidation, amalgamation, arrangement, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation.

ARTICLE 9 CONCERNING THE WARRANT AGENT

9.1 Trust Indenture Legislation

- (a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.
- (b) The Corporation and the Warrant Agent agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of Applicable Legislation.

9.2 Rights and Duties of Warrant Agent

- (a) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall exercise that degree of care, diligence and skill that a reasonably

prudent warrant agent would exercise in comparable circumstances. The Warrant Agent shall be liable only for its own gross negligence or its own wilful misconduct or bad faith.

- (b) The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Registered Warrantholders hereunder shall be conditional upon the Registered Warrantholders furnishing, when required by notice by the Warrant Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and to hold harmless the Warrant Agent and its officers, directors, employees and agents against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.
- (c) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Registered Warrantholders, at whose instance it is acting, to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

9.3 Evidence, Experts and Advisers

- (a) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Corporation.
- (b) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture.
- (c) Whenever it is provided in this Indenture or under Applicable Legislation that the Corporation shall deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the trust, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Warrant Agent take the action to be based thereon.
- (d) Proof of the execution of an instrument in writing by any Registered Warrantholder, if required by the Warrant Agent, may be made by the certificate of a notary public or other officer with similar powers, that the person signing such instrument acknowledged to it the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate.
- (e) The Warrant Agent may employ or retain at the Corporation's expense such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the

purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any Counsel, and shall not be responsible for any misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Warrant Agent.

- (f) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any Counsel, accountant, appraiser, engineer or other expert or adviser, whether retained or employed by the Corporation or by the Warrant Agent, in relation to any matter arising in the administration of the agency hereof.

9.4 Documents, Monies, etc. Held by Warrant Agent

Until released in accordance with this Indenture, any funds received hereunder shall be kept in segregated records of the Warrant Agent and the Warrant Agent shall place the funds in segregated trust accounts of the Warrant Agent at one or more of the Canadian Chartered Banks listed in Schedule 1 of the *Bank Act* (Canada) (an "**Approved Bank**"). All amounts held by the Warrant Agent pursuant to this Indenture shall be held by the Warrant Agent for the Corporation and the delivery of the funds to the Warrant Agent shall not give rise to a debtor-creditor or other similar relationship. The amounts held by the Warrant Agent pursuant to this Indenture are at the sole risk of the Corporation and, without limiting the generality of the foregoing, the Warrant Agent shall have no responsibility or liability for any diminution of the funds which may result from any deposit made with an Approved Bank pursuant to this section, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default). The parties hereto acknowledge and agree that the Warrant Agent will have acted prudently in depositing the funds at any Approved Bank, and that the Warrant Agent is not required to make any further inquiries in respect of any such bank. The Warrant Agent may hold cash balances constituting part or all of such monies and need not, invest the same; the Warrant Agent shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

9.5 Actions by Warrant Agent to Protect Interest

The Warrant Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Registered Warrantholders.

9.6 Warrant Agent Not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

9.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to Warrant Agent, it is expressly declared and agreed as follows:

- (a) the Warrant Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Warrant Certificates (except the representation contained in Section 9.9 or in the Authentication of the Warrant Agent on the Warrant Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

- (b) nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
- (c) the Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof; and
- (d) the Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of its covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation.

9.8 Replacement of Warrant Agent; Successor by Merger

- (a) The Warrant Agent may resign its agency and be discharged from all further duties and liabilities hereunder, subject to this Section 9.8, by giving to the Corporation not less than 90 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Registered Warrantholders by extraordinary resolution shall have power at any time to remove the existing Warrant Agent and to appoint a new Warrant Agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Registered Warrantholders; failing such appointment by the Corporation, the retiring Warrant Agent, at the Corporation's expense, or any Registered Warrantholder may apply to a justice of the Court of Queen's Bench of the Province of Alberta on such notice as such justice may direct, for the appointment of a new Warrant Agent; but any new Warrant Agent so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Registered Warrantholders. Any new Warrant Agent appointed under any provision of this Section 9.8 shall be an entity authorized to carry on the business of a trust company in the Province of Alberta and, if required by Applicable Legislation for any other provinces, in such other provinces. On any such appointment the new Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent hereunder and there shall be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as may, in the reasonable opinion of Counsel, be necessary or advisable to vest the new Warrant Agent with such powers, rights, duties and responsibilities, provided that the predecessor Warrant Agent shall have no obligation to execute any such conveyances or instruments until such time as it has received payment of all outstanding remuneration and expenses payable by the Corporation to such Warrant Agent under this Indenture.
- (b) Upon the appointment of a successor Warrant Agent, the Corporation shall promptly notify the Registered Warrantholders thereof in the manner provided for in Section 10.2.
- (c) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to the trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Warrant Agent under subsection 9.8(a).

- (d) Any Warrant Certificates Authenticated but not delivered by a predecessor Warrant Agent may be Authenticated by the successor Warrant Agent in the name of the predecessor or successor Warrant Agent.

9.9 Conflict of Interest

- (a) The Warrant Agent represents to the Corporation that at the time of execution and delivery hereof and to the best of its knowledge, no material conflict of interest exists between its role hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its agency hereunder to a successor agent approved by the Corporation and meeting the requirements set forth in subsection 9.8(a). Notwithstanding the foregoing provisions of this subsection 9.9(a), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrant Certificates shall not be affected in any manner whatsoever by reason thereof.
- (b) Subject to subsection 9.9(a), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation or any Subsidiary of the Corporation without being liable to account for any profit made thereby.

9.10 Acceptance of Agency

The Warrant Agent hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

9.11 Warrant Agent Not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

9.12 Knowledge of Warrant Agent

The Warrant Agent shall not be required to take notice or be deemed to have notice, whether constructive or actual, of any matter hereunder, unless the Warrant Agent shall have received from the Corporation or a Registered Warrantholder a notice stating the matter in respect of which the Warrant Agent should have notice.

9.13 Indemnification of Warrant Agent

- (a) The Corporation hereby indemnifies and agrees to hold harmless the Warrant Agent, its affiliates, their officers, directors, employees, agents, successors and assigns (the "**Indemnified Parties**") from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, actions, suits, proceedings, costs, charges, assessments, judgments, expenses and disbursements, including reasonable and documented legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with or in any way relating to this Indenture. The Corporation

agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Corporation shall not be required to indemnify the Indemnified Parties in the event of the gross negligence, bad faith or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.

- (b) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (i) Applicable Legislation (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

9.14 Anti-Money Laundering

The Corporation hereby represents to the Warrant Agent that any account to be opened by, or interest to be held by the Warrant Agent in connection with this Agreement, for or to the credit of the Corporation, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent's prescribed form as to the particulars of such third party.

9.15 Warrant Agent Not Required to Give Notice of Default

The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and in the absence of any such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

9.16 Right of Warrant Agent Not to Act

The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determine that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in it being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation, provided that: (a) the written notice of the Warrant Agent shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the satisfaction of the Warrant Agent within such 10 day period, then such resignation shall not be effective. In the event of the Warrant Agent resigning as aforesaid, the Corporation shall forthwith appoint a new Warrant Agent, in accordance with the provisions of Section 9.8.

9.17 Compliance with Privacy Code

The parties acknowledge that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;
- (b) to help the Warrant Agent manage its servicing relationships with such individuals;
- (c) to meet the Warrant Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website, www.computershare.com, or upon request, including revisions thereto. The Warrant Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

Further, each party agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.18 U.S. Securities Matters

The Corporation represents and warrants that it is a Foreign Private Issuer (as such term is defined in the U.S. Exchange Act), is filing under such status with the SEC, and has delivered to the Warrant Agent an officers' certificate certifying such Foreign Private Issuer status and other information as the Warrant Agent has requested, including, but not limited to, the Central Index Key that has been assigned for EDGAR filing purposes. Should the Corporation cease to file as a Foreign Private Issuer, the Corporation covenants to deliver to the Warrant Agent an officers' certificate (in a form provided by the Warrant Agent) certifying a change in Foreign Private Issuer status and such other information as the Warrant Agent may reasonably require at such given time. The Corporation understands that the Warrant Agent is relying upon the foregoing representation, warranty and covenant in order to meet certain SEC obligations with respect to its clients who are filing with the SEC.

ARTICLE 10 GENERAL

10.1 Notice to the Corporation and the Warrant Agent

- (a) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered or if sent by registered letter, postage prepaid, email or by facsimile:

If to the Corporation:

Cenovus Energy Inc.
225 6 Avenue SW
PO Box 766
Calgary, AB T2P 0M5

Attention: Gary Molnar, Vice-President, Legal, Assistant General Counsel & Corporate Secretary
Email: gary.molnar@cenovus.com
Fax: (403) 513-6484

If to the Warrant Agent:

Computershare Trust Company of Canada
800, 324 – 8th Avenue S.W.
Calgary, AB T2P 2Z2

Attention: Manager, Corporate Trust
Email: corporatetrust.calgary@computershare.com
Fax: (403) 267-6598

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or facsimile if delivered, faxed or emailed (with receipt confirmed) by 4:30 p.m. (Calgary Time) on a Business Day, or otherwise on the next Business Day or, if mailed, on the fifth Business Day following the date of the postmark on such notice.

- (b) The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection 10.1(a) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture.
- (c) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed or, if it is delivered to such party at the appropriate address provided in subsection 10.1(a), by facsimile or other means of prepaid, transmitted and recorded communication.

10.2 Notice to Registered Warrantholders

- (a) Unless otherwise provided herein, any notice to the Registered Warrantholders under the provisions of this Indenture shall be valid and effective if delivered or sent by ordinary prepaid post addressed to such holders at their postal addresses appearing on the register of Registered Warrantholders maintained under this Indenture. Any such notice delivered in accordance with the foregoing is deemed to have been effectively given (and received by the Registered Warrantholders) on the date of delivery (with receipt confirmed) if such date is a Business Day or, if mailed, five Business Days following actual posting of the notice.
- (b) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Registered Warrantholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and

effective only if it is delivered personally to such Registered Warrantholders or if delivered to the address for such Registered Warrantholders contained in the register of Warrants maintained by the Warrant Agent, by other means of prepaid transmitted and recorded communication. Other than in the case of notice to the Depository, accidental or inadvertent error or omission in giving notice or accidental failure to mail notice to any holder will not invalidate any action or proceeding founded thereon.

- (c) In addition to the other requirements for notice under this Section 10.2, where a meeting of Registered Warrantholders is being convened, the Warrant Agent or Corporation may require publication of such notice in such municipalities and filing with securities regulatory authorities, as necessary to comply with applicable legal, regulatory or stock exchange requirements.

10.3 Evidence of Ownership

- (a) Upon receipt of a certificate of any bank, trust company or other depository satisfactory to the Warrant Agent stating that the Warrants specified therein have been deposited by a named person with such bank, trust company or other depository and will remain so deposited until the expiry of the period specified therein and the acknowledgement by the named person of such certificate, the Corporation and the Warrant Agent may treat the person so named as the owner, and such certificate as sufficient evidence of the ownership by such person of such Warrant during such period, for the purpose of any requisition, direction, consent, instrument or other document to be made, signed or given by the holder of the Warrant so deposited.
- (b) The Corporation and the Warrant Agent may accept as sufficient evidence of the fact and date of the signing of any requisition, direction, consent, instrument or other document by any person: (i) the signature of any officer of any bank, trust company, or other depository satisfactory to the Warrant Agent as witness of such execution; (ii) the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded at the place where such certificate is made that the person signing acknowledged to him the execution thereof; or (iii) a satisfactory declaration of a witness of such execution.

10.4 Counterparts

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof. A signed copy of this Indenture delivered by facsimile, email or other means of electronic transmission, including electronic signatures, will be deemed to have the same legal effect as delivery of an original signed copy of this Indenture.

10.5 Satisfaction and Discharge of Indenture

Upon the earlier of:

- (a) the date by which there shall have been delivered to the Warrant Agent for exercise or cancellation all Warrants theretofore Authenticated hereunder, in the case of Certificated Warrants (or such other instructions, in a form satisfactory to the Warrant Agent), in the case of Uncertificated Warrants, or by way of standard processing through the book based only system in the case of a CDS Global Warrant or a DTC Global Warrant; or

- (b) the Time of Expiry;

this Indenture, except to the extent that Common Shares and certificates therefor have not been issued and delivered hereunder or the Corporation has not performed any of its obligations hereunder, shall cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

10.6 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Registered Warrantholders

Nothing in this Indenture or in the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Registered Warrantholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Registered Warrantholders.

10.7 Common Shares or Warrants Owned by the Corporation or its Subsidiaries - Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation in subsections 4.1(b) and 4.1(c) and Section 7.16, the Corporation shall provide to the Warrant Agent from time to time upon request, a certificate of the Corporation setting forth as at the date of such certificate:

- (a) the names (other than the name of the Corporation) of the Registered Warrantholders which, to the knowledge of the Corporation, are owned by or held for the account of the Corporation or any Subsidiary of the Corporation; and
- (b) the number of Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation,

and the Warrant Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without any additional evidence.

10.8 Force Majeure

Neither party hereto shall be liable to the other party hereto, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 10.8.

10.9 Successors

Neither of the parties hereto may assign its rights or interest under this Indenture, except as provided in Section 9.8 in the case of the Warrant Agent, or as provided in Section 8.2 in the case of the Corporation.

Subject thereto, all provisions of this Indenture for the benefit of the Corporation and the Warrant Agent bind and enure to the benefit of their respective successors and assigns.

[Signature page follows]

Executed and delivered as of the 1st day of January, 2021.

CENOVUS ENERGY INC.

Per: (signed) "Alex J. Pourbaix"
Name: Alex J. Pourbaix
Title: President & Chief Executive Officer

Per: (signed) "Gary F. Molnar"
Name: Gary F. Molnar
Title: Vice-President, Legal, Assistant
General Counsel & Corporate
Secretary

**COMPUTERSHARE TRUST COMPANY OF
CANADA**

Per: (signed) "Wande Oshile"
Name: Wande Oshile
Title: Corporate Trust Officer

Per: (signed) "Beatriz Fedozzi"
Name: Beatriz Fedozzi
Title: Corporate Trust Officer

SCHEDULE "A"

FORM OF WARRANT

THE WARRANTS EVIDENCED HEREBY ARE EXERCISABLE AT OR BEFORE 4:30 P.M. (CALGARY TIME) ON JANUARY 1, 2026, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

For all Certificated Warrants registered in the name of CDS, also include the following legend:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("**CDS**") TO CENOVUS ENERGY INC. (THE "**ISSUER**") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

WARRANT

To acquire Common Shares of

CENOVUS ENERGY INC.

(formed pursuant to the laws of Canada)

Warrant
Certificate No. [●]

Certificate for

Warrants, each entitling the holder to acquire one (1) Common Share (subject to adjustment as provided for in the Warrant Indenture (as defined below)

CUSIP 15135U117

ISIN CA15135U1176

THIS IS TO CERTIFY THAT, for value received,

(the "**Warrantholder**") is the registered holder of the number of common share purchase warrants (the "**Warrants**") of **CENOVUS ENERGY INC.** (the "**Corporation**") specified above, and is entitled, on exercise of these Warrants upon and subject to the terms and conditions set forth herein and in the Warrant Indenture, to purchase at any time before 4:30 p.m. (Calgary time) (the "**Expiry Time**") on January 1, 2026 (the "**Expiry Date**"), one fully paid and non-assessable common share without par value in the capital of the Corporation as constituted on the date hereof (a "**Common Share**") for each Warrant subject to adjustment in accordance with the terms of the Warrant Indenture. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture.

The right to purchase Common Shares may only be exercised by the Warrantholder within the time set forth above by:

- (a) duly completing and executing the exercise form (the "**Exercise Form**") attached hereto; and
- (b) surrendering this warrant certificate (the "**Warrant Certificate**"), with the Exercise Form to the Warrant Agent at the principal office of the Warrant Agent, together with a certified cheque, bank draft, wire transfer or money order in the lawful money of Canada payable to or to the order of the Corporation in an amount equal to the aggregate Exercise Price (as defined below).

The surrender of this Warrant Certificate, the duly completed Exercise Form and payment as provided above will be deemed to have been effected only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Warrant Agent at the principal office as set out above.

Subject to adjustment thereof in the events and in the manner set forth in the Warrant Indenture hereinafter referred to, the exercise price payable for each Common Share upon the exercise of Warrants shall be \$6.54 per Common Share (the "**Exercise Price**").

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the Exercise Form at their respective addresses specified therein or, if so specified in the Exercise Form, delivered to such persons at the office where this Warrant Certificate is surrendered. If fewer Common Shares are purchased than the number that can be purchased pursuant to this Warrant Certificate, the holder hereof will be entitled to receive without charge a new Warrant Certificate in respect of the balance of the Common Shares not so purchased. No fractional Common Shares will be issued upon exercise of any Warrant. All fractional Warrants that would otherwise be issuable shall be rounded down to the next whole number of Warrants and no consideration will be paid in lieu of fractional Warrants.

This Warrant Certificate evidences Warrants of the Corporation issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of January 1, 2021 between the Corporation and Computershare Trust Company of Canada, as Warrant Agent, to which Warrant Indenture reference is hereby made for particulars of the rights of the holders of Warrants, the Corporation and the Warrant Agent in respect thereof and the terms and conditions on which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder, by acceptance hereof, assents. The Corporation will furnish to the holder, on request and without charge, a copy of the Warrant Indenture.

On presentation at the principal office of the Warrant Agent as set out above, subject to the provisions of the Warrant Indenture and on compliance with the reasonable requirements of the Warrant Agent, one or more Warrant Certificates may be exchanged for one or more Warrant Certificates entitling the holder thereof to purchase in the aggregate an equal number of Common Shares as are purchasable under the Warrant Certificate(s) so exchanged.

The Warrant Indenture contains provisions for the adjustment of the Exercise Price payable for each Common Share upon the exercise of Warrants and the number of Common Shares issuable upon the exercise of Warrants in the events and in the manner set forth therein.

The Warrant Indenture also contains provisions making binding on all holders of Warrants outstanding thereunder resolutions passed at meetings of holders of Warrants held in accordance with the provisions of the Warrant Indenture and instruments in writing signed by holders of Warrants entitled to purchase a specific majority of the outstanding Warrants.

Pursuant to Section 3.10 of the Warrant Indenture, if at any time following the Issue Date and prior to the Expiry Time, the Corporation determines that no Registration Statement filed with the SEC is effective, or the use of any such Registration Statement is suspended, no U.S. Warrantholder will be permitted to exercise Warrants unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available, and the Corporation shall promptly provide written notice of such determination to the Warrant Agent and promptly provide notice when the Registration Statement is effective or any such suspension has been terminated.

Nothing contained in this Warrant Certificate, the Warrant Indenture or elsewhere shall be construed as conferring upon the holder hereof any right or interest whatsoever as a holder of Common Shares or any other right or interest except as herein and in the Warrant Indenture expressly provided. In the event of any discrepancy between anything contained in this Warrant Certificate and the terms and conditions of the Warrant Indenture, the terms and conditions of the Warrant Indenture shall govern.

Warrants may only be transferred in compliance with the conditions of the Warrant Indenture on the register to be kept by the Warrant Agent in Calgary, Alberta or such other registrar as the Corporation,

with the approval of the Warrant Agent, may appoint at such other place or places, if any, as may be designated, upon surrender of this Warrant Certificate to the Warrant Agent or other registrar accompanied by a written instrument of transfer in form and execution satisfactory to the Warrant Agent or other registrar and upon compliance with the conditions prescribed in the Warrant Indenture and with such reasonable requirements as the Warrant Agent or other registrar may prescribe and upon the transfer being duly noted thereon by the Warrant Agent or other registrar. Time is of the essence hereof.

This Warrant Certificate will not be valid for any purpose until it has been countersigned by or on behalf of the Warrant Agent from time to time under the Warrant Indenture.

The parties hereto have declared that they have required that these presents and all other documents related hereto be in the English language. Les parties aux présentes déclarent qu'elles ont exigé que la présente convention, de même que tous les documents s'y rapportant, soient rédigés en anglais.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be duly executed as of:

CENOVUS ENERGY INC.

By: _____
Authorized Signatory

Countersigned and Registered by:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FORM OF TRANSFER

To: Computershare Trust Company of Canada

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

_____ (p
name and address)

the Warrants represented by this Warrant Certificate and hereby irrevocably constitutes and appoints _____ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Warrant Agent.

DATED this ____ day of _____, 20____.

**SPACE FOR GUARANTEES OF SIGNATURES)
(BELOW)**)

Signature of Transferor

Guarantor's Signature/Stamp)
)

Name of Transferor

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

SCHEDULE "B"

EXERCISE FORM

TO: Cenovus Energy Inc.

AND TO: Computershare Trust Company of Canada

The undersigned holder of the Warrants evidenced by this Warrant Certificate hereby exercises the right to acquire:

_____ (A) Common Shares of Cenovus Energy Inc.

Exercise Price Payable: _____
((A) multiplied by CAD\$6.54, subject to adjustment)

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Common Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the Warrant Indenture.

Any capitalized term in this Warrant Certificate that is not otherwise defined herein, shall have the meaning ascribed thereto in the Warrant Indenture.

The undersigned hereby irrevocably directs that the said Common Shares be issued, registered and delivered as follows:

Name(s) in Full and Social Insurance Number(s) (if applicable)	Address(es)	Number of Common Shares
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the form of transfer must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to **Computershare Trust Company of Canada, c/o General Manager, Corporate Trust.**

DATED this ____ day of _____, 20__.

Witness)
)
)
)

(Signature of Warrantholder, to be the same as
appears on the face of this Warrant Certificate)

Name of Registered Warrantholder

Please check if the certificates representing the Common Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address set out above. Certificates will be delivered or mailed as soon as practicable after the surrender of this Warrant Certificate to the Warrant Agent.

AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

DATED AS OF JANUARY 1, 2021

BETWEEN

CENOVUS ENERGY INC.

AND

COMPUTERSHARE INVESTOR SERVICES INC.

AS RIGHTS AGENT

(amending and restating the Restated Shareholder Rights Plan Agreement
dated as of April 25, 2018)

SHAREHOLDER RIGHTS PLAN AGREEMENT

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	1
1.1 Certain Definitions	1
1.2 Currency	14
1.3 Headings	14
1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares	15
1.5 Acting Jointly or in Concert	15
1.6 Generally Accepted Accounting Principles	15
ARTICLE 2 THE RIGHTS	15
2.1 Legend on Common Share Certificates	15
2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights	16
2.3 Adjustments to Exercise Price; Number of Rights	19
2.4 Date on Which Exercise is Effective	24
2.5 Execution, Authentication, Delivery and Dating of Rights Certificates	24
2.6 Registration, Transfer and Exchange	25
2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates	25
2.8 Persons Deemed Owners of Rights	26
2.9 Delivery and Cancellation of Certificates	26
2.10 Agreement of Rights Holders	27
2.11 Rights Certificate Holder Not Deemed a Shareholder	28
ARTICLE 3 ADJUSTMENTS TO THE RIGHTS	28
3.1 Flip-in Event	28
ARTICLE 4 THE RIGHTS AGENT	29
4.1 General	29
4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent	30
4.3 Duties of Rights Agent	31
4.4 Change of Rights Agent	32
4.5 Compliance with Money Laundering Legislation	33
ARTICLE 5 MISCELLANEOUS	33
5.1 Redemption and Waiver	33
5.2 Expiration	35
5.3 Issuance of New Rights Certificates	35
5.4 Supplements and Amendments	35
5.5 Fractional Rights and Fractional Shares	36
5.6 Rights of Action	37
5.7 Regulatory Approvals	37
5.8 Declaration as to Non-Canadian or Non-U.S. Holders	37
5.9 Notices	37
5.10 Costs of Enforcement	38
5.11 Successors	39
5.12 Benefits of this Agreement	39
5.13 Governing Law	39

5.14 Severability	39
5.15 Coming Into Effect	39
5.16 Reconfirmation	39
5.17 Determinations and Actions by the Board of Directors	39
5.18 Time of the Essence	40
5.19 Execution in Counterparts	40
ATTACHMENT 1	42
FORM OF ASSIGNMENT	45
CERTIFICATE	45
FORM OF ELECTION TO EXERCISE	46
CERTIFICATE	47
NOTICE	47

AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

MEMORANDUM OF AGREEMENT dated as of January 1, 2021 between Cenovus Energy Inc. (the "Corporation"), a corporation amalgamated under the *Canada Business Corporations Act*, and Computershare Investor Services Inc., a corporation incorporated under the laws of Canada (the "Rights Agent") which was appointed successor to CIBC Mellon Trust Company, a trust company incorporated under the laws of Canada ("the "Initial Rights Agent") on November 1, 2012, which amends and restates the 2018 Amended and Restated Agreement (as defined below);

WHEREAS 7050372 Canada Inc. (as a predecessor to the Corporation by way of amalgamation) entered into a Shareholder Rights Plan Agreement dated as of October 20, 2009 with the Initial Rights Agent, which was (i) restated in its entirety as of November 30, 2009 (the "Original Agreement"), (ii) amended and restated in its entirety as of April 25, 2012 (the "2012 Amended and Restated Agreement"), and (iii) amended and restated in its entirety as of April 25, 2018 (the "2018 Amended and Restated Agreement");

AND WHEREAS the 2018 Amended and Restated Agreement was reconfirmed by the shareholders of the Corporation at the Corporation's annual meeting on April 25, 2018;

AND WHEREAS in connection with the Arrangement (as defined herein), the Corporation and the Rights Agent wish to effect certain amendments to update and restate the 2018 Amended and Restated Agreement in its entirety to be on the terms and conditions and in the form of this Agreement to take effect immediately prior to the Effective Time (as defined herein);

AND WHEREAS the Board of Directors has determined that it is in the best interests of the Corporation to continue the shareholder rights plan to ensure, to the extent possible, that all shareholders of the Corporation are treated fairly in connection with any take-over bid for the Corporation;

AND WHEREAS the 2018 Amended and Restated Agreement is hereby amended and restated as provided herein (the 2018 Amended and Restated Agreement as so amended and restated being herein referred to as the "Agreement");

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, and subject to such covenants and agreements, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

- (a) **"Acquiring Person"** means any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares provided, however, that the term "Acquiring Person" shall not include:
 - (i) the Corporation or any Subsidiary of the Corporation;

- (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or any combination of (A) a Voting Share Reduction, (B) Permitted Bid Acquisitions, (C) an Exempt Acquisition or (D) Pro Rata Acquisitions; provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of one or any combination of the operation of Paragraphs (A), (B), (C) or (D) above and such Person's Beneficial Ownership of Voting Shares thereafter increases by more than 1.0% of the number of Voting Shares outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition), then as of the date such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an "Acquiring Person";
 - (iii) for a period of ten days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Clause 1.1(i)(v) solely because such Person or the Beneficial Owner of such Voting Shares is making or has announced an intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, "Disqualification Date" means the first date of public announcement that any Person is making or has announced an intention to make a Take-over Bid;
 - (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a distribution of securities of the Corporation; or
 - (v) a Person (a "Grandfathered Person") who is the Beneficial Owner of 20% or more of the outstanding Voting Shares of the Corporation determined as at the Record Time, provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Voting Shares of the Corporation that increases its Beneficial Ownership of Voting Shares by more than 1% of the number of Voting Shares outstanding as at the Record Time (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition).
- (b) "**Affiliate**" when used to indicate a relationship with a Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (c) "**Agreement**" means this amended and restated shareholder rights plan agreement, which amends and restates the 2018 Amended and Restated Agreement, which amended and restated the 2012 Amended and Restated Agreement, which amended and restated the Original Agreement; "hereof", "herein", "hereto" and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;

- (d) **“annual cash dividend”** means cash dividends paid in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:
- (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amounts of the annual cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
 - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;
- (e) **“Arrangement”** means the arrangement under section 193 of the *Business Corporations Act* (Alberta) involving Husky, the Husky shareholders and optionholders, and the Corporation, as contemplated by the Arrangement Agreement, pursuant to which (among other things) the Corporation will acquire all of the issued and outstanding common shares of Husky in consideration for Common Shares and Arrangement Warrants;
- (f) **“Arrangement Agreement”** means the arrangement agreement dated October 24, 2020 between the Corporation and Husky, as may be amended in accordance with its terms;
- (g) **“Arrangement Warrants”** means the warrants to purchase Common Shares issuable pursuant to the Arrangement;
- (h) **“Associate”** means, when used to indicate a relationship with a specified Person, a spouse of that Person, any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, a child of that Person or a relative of that Person if that relative has the same residence as that Person;
- (i) A Person shall be deemed the **“Beneficial Owner”** of, and to have **“Beneficial Ownership”** of, and to **“Beneficially Own”**,
- (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or in equity (whether such right is exercisable immediately or within a period of 60 days thereafter and whether or not on condition or the happening of any contingency or the making of any payment) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (A) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (B) pledges of securities in the ordinary course of business), or upon the exercise of any conversion right, exchange right, share purchase right (other than the Rights), warrant or option or pursuant to any when issued trades;

- (iii) any securities which are Beneficially Owned within the meaning of Clauses 1.1(i)(i) and (ii) by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the “Beneficial Owner” of, or to have “Beneficial Ownership” of, or to “Beneficially Own”, any security:

- (iv) where such security has been, or has been agreed to be, deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited or tendered to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person until such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (v) where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:
 - (A) the ordinary business of any such Person (the “Investment Manager”) includes the management of mutual funds or investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a “Client”), including the acquisition or holding of securities in a non-discretionary account held on behalf of a Client by a broker or dealer appropriately registered under applicable law;
 - (B) such Person (the “Trust Company”) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an “Estate Account”) or in relation to other accounts (each an “Other Account”) and holds such security in the ordinary course of such duties for such Estate Account or for such Other Accounts;
 - (C) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the “Statutory Body”) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies;
 - (D) such Person (the “Administrator”) is the administrator or trustee of one or more pension funds or plans (a “Plan”), or is a Plan, registered or qualified under the laws of Canada or any Province thereof or the laws of the United States of America or any State thereof; or
 - (E) such Person (the “Crown Agent”) is a Crown agent or agency;

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Administrator, the Plan, the Crown Agent, as the case may be, is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Voting Shares or other securities (A) pursuant to a distribution by the Corporation, (B) by means of a Permitted Bid or (C) by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

- (vi) where such Person is (A) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (B) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or (C) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
 - (vii) where such Person is (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (C) a Plan and such security is owned at law or in equity by the Administrator of the Plan; or
 - (viii) where such Person is a registered holder of such security as a result of carrying on the business of, or acting as a nominee of, a securities depositary;
- (j) **“Board of Directors”** means the board of directors of the Corporation or any duly constituted and empowered committee thereof;
 - (k) **“Book Entry Form”** means, in reference to securities, securities that have been issued and registered in uncertificated form and includes securities evidenced by an advice or other statement and securities which are maintained electronically on the records of the Corporation’s transfer agent but for which no certificate has been issued;
 - (l) **“Book Entry Rights Exercise Procedures”** has the meaning ascribed thereto in Subsection 2.2(d);
 - (m) **“Business Day”** means any day other than a Saturday, Sunday or a day on which banking institutions in Calgary are authorized or obligated by law to close;
 - (n) **“CBCA”** means the *Canada Business Corporations Act*, R.S.C. 1985, c.44, as amended, and the regulations made thereunder, and any comparable or successor laws or regulations thereto;
 - (o) **“Canadian Dollar Equivalent”** of any amount which is expressed in United States Dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate in effect on such date;

- (p) “**close of business**” on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal transfer office in Calgary of the transfer agent for the Common Shares (or, after the Separation Time, the principal transfer office in Calgary of the Rights Agent) is closed to the public;
- (q) “**Common Shares**” means the common shares in the capital of the Corporation;
- (r) “**Competing Permitted Bid**” means a Take-over Bid that:
- (i) is made after a Permitted Bid or another Competing Permitted Bid (each such Permitted Bid or Competing Permitted Bid in this definition, the “Prior Bid”) has been made and prior to the expiry, termination or withdrawal of the Prior Bid;
 - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in Paragraph (A) of the definition of a Clause 1.1(pp)(ii) (definition of a Permitted Bid); and
 - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid;
- (s) a Person is “**controlled**” by another Person or two or more other Persons acting jointly or in concert if:
- (i) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or
 - (ii) in the case of a Person which is not a body corporate, more than 50% of the voting interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons;
- and “**controls**”, “**controlling**” and “**under common control with**” shall be interpreted accordingly;
- (t) “**Co-Rights Agents**” has the meaning ascribed thereto in Subsection 4.1(a);
- (u) “**Disposition Date**” has the meaning ascribed thereto in Subsection 5.1(h);
- (v) “**Dividend Reinvestment Acquisition**” means an acquisition of Voting Shares pursuant to a Dividend Reinvestment Plan;
- (w) “**Dividend Reinvestment Plan**” means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of

its securities or holders of securities of a Subsidiary where such plan permits the holder to direct that some or all of:

- (i) dividends paid in respect of shares of any class of the Corporation or a Subsidiary;
- (ii) proceeds of redemption of shares of the Corporation or a Subsidiary;
- (iii) interest paid on evidences of indebtedness of the Corporation or a Subsidiary; or
- (iv) optional cash payments;

be applied to the purchase from the Corporation of Voting Shares;

- (x) **“Effective Time”** has the meaning ascribed thereto in the Arrangement Agreement;
- (y) **“Election to Exercise”** has the meaning ascribed thereto in Clause 2.2(f)(ii);
- (z) **“Exempt Acquisition”** means a share acquisition:
 - (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Subsections 5.1(a) or (h);
 - (ii) pursuant to an amalgamation, plan of arrangement or other procedure (statutory or otherwise) having similar effect which has been approved by the Board of Directors and the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting duly called and held for such purpose in accordance with the Corporation’s by-laws, the CBCA and any other applicable legal requirements;
 - (iii) pursuant to the Arrangement;
 - (iv) pursuant to the Arrangement Warrants (including, for certainty, any acquisition of Arrangement Warrants or of Voting Shares upon any exercise of Arrangement Warrants); or
 - (v) pursuant to any exercise of pre-emptive rights, including pursuant to any follow-on offering, in accordance with the terms and conditions of any Pre-Emptive Rights Agreement (as that term is defined in the Arrangement Agreement);
- (aa) **“Exercise Price”** means, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be:
 - (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and
 - (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.

- (bb) **"Expansion Factor"** has the meaning ascribed thereto in Clause 2.3(a)(iv)(x);
- (cc) **"Expiration Time"** means the close of business on that date on which a Reconfirmation Meeting occurs and at which this Agreement is not reconfirmed or presented for reconfirmation as contemplated in Section 5.16;
- (dd) **"Flip-in Event"** means a transaction or other event in or pursuant to which any Person becomes an Acquiring Person;
- (ee) **"holder"** has the meaning ascribed thereto in Section 2.8;
- (ff) **"Husky"** means Husky Energy Inc.;
- (gg) **"Independent Shareholders"** means holders of Voting Shares, other than:
 - (i) any Acquiring Person;
 - (ii) any Offeror (other than any Person who, by virtue of Clause 1.1(i)(v), is not deemed to Beneficially Own the Voting Shares held by such Person);
 - (iii) any Affiliate or Associate of any Acquiring Person or Offeror;
 - (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and
 - (v) a Person who is a Trustee of any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or withheld from voting or direct whether the Voting Shares are to be tendered to a Take-over Bid;
- (hh) **"Lock-up Agreement"** means an agreement between an Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and a Person (the "Locked-up Person") who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror whereby the Locked-up Person agrees to deposit or tender the Voting Shares held by the Locked-up Person to the Offeror's Take-over Bid or to any Take-over Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror (the "Subject Bid") provided that:
 - (i) the terms of such agreement are publicly disclosed and a copy of such agreement is made available to the public (including the Corporation) not later than the date of the Subject Bid or, if the Subject Bid has been made prior to the date on which such agreement is entered into, not later than the first business day following the date of such agreement;
 - (ii) the agreement permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid or to support another transaction that

in either case will provide greater value to the Locked-up Person than the Subject Bid; or

- (iii) (x) the agreement permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid or to support another transaction that contains an offering price that provides consideration for each Voting Share that exceeds by as much as or more than a specified amount (the "Specified Amount") the offering price for each Voting Share contained in or proposed to be contained in the Subject Bid; and (y) the agreement does not by its terms provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Subject Bid;

and, for greater clarity, an agreement may contain a right of first refusal or require a period of delay to give an Offeror an opportunity to match a higher price in another Take-over Bid or other similar limitation on a Locked-up Person as long as the Locked-up Person can accept another bid or tender to another transaction; and

- (iv) no "break-up" fees, "top-up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
 - (A) 2.50% of the price or value of the consideration payable under the Subject Bid to the Locked-up Person; and
 - (B) 50% of the amount by which the price or value of the consideration payable under another Take-over Bid or transaction to the Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Subject Bid;

shall be payable by such Locked-up Person pursuant to the agreement in the event such Locked-up Person fails to deposit or tender the Voting Shares to the Subject Bid or withdraws the Voting Shares previously tendered thereto in order to deposit or tender such Voting Shares to another Take-over Bid or support another transaction;

- (ii) **"Market Price"** per share of any securities on any date of determination means the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:

- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of

such securities as reported by the principal Canadian stock exchange (as determined by volume of trading) on which such securities are listed or admitted to trading;

- (ii) if for any reason none of such prices are available on such day or the securities are not listed or posted for trading on a Canadian stock exchange, the last sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal national United States securities exchange (as determined by volume of trading) on which such securities are listed or admitted to trading;
- (iii) if for any reason none of such prices are available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last sale price or, in case no sale takes place on such date, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as quoted by any recognized reporting system then in use; or
- (iv) if for any reason none of such prices are available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system, the average of the closing bid and asked prices as furnished by a recognized professional market maker making a market in the securities;

provided, however, that if for any reason none of such prices are available on such day, the closing price per share of such securities on such date means the fair value per share of such securities on such date as determined by an internationally recognized investment dealer or investment banker; provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof has caused any price used to determine the Market Price on any Trading Day not to be fully comparable with the price as so determined on the Trading Day immediately preceding such date of determination, each such price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price on the Trading Day immediately preceding such date of determination. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

- (jj) “**1934 Exchange Act**” means the *Securities Exchange Act* of 1934 of the United States, as amended, and the rules and regulations thereunder as now in effect or as the same may from time to time be amended, re-enacted or replaced;
- (kk) “**NI 62-104**” means National Instrument 62-104 *Take-Over Bids and Issuer Bids* adopted by the Canadian securities regulatory authorities, as now in effect or as the same may from time to time be amended, re-enacted or replaced;
- (ll) “**Nominee**” has the meaning ascribed thereto in Subsection 2.2(c);

- (mm) **“Offer to Acquire”** includes:
- (i) an offer to purchase or a solicitation of an offer to sell Voting Shares; and
 - (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited;
- or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;
- (nn) **“Offeror”** means a Person who has announced, and has not withdrawn, an intention to make or who has made, and has not withdrawn, a Take-over Bid, other than a Person who has completed a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition;
- (oo) **“Offeror’s Securities”** means Voting Shares Beneficially Owned by an Offeror on the date of the Offer to Acquire;
- (pp) **“Permitted Bid”** means a Take-over Bid made by an Offeror by way of take-over bid circular which also complies with the following additional provisions:
- (i) the Take-over Bid is made to all holders of Voting Shares as registered on the books of the Corporation, other than the Offeror;
 - (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid:
 - (A) prior to the close of business on the date which is not less than 105 days following the date of the Take-over Bid or such shorter minimum period that a take-over bid that is not exempt from any of the requirements of Division 5 Bid Mechanics of NI 62-104 must remain open for deposits of securities, in the applicable circumstances at such time, pursuant to NI 62-104 and
 - (B) only if, at the close of business on the date the Voting Shares are first taken up or paid for under such Take-over Bid, more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
 - (iii) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in Paragraph (A) and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
 - (iv) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that in the event that the deposit condition set forth in Paragraph (B) is satisfied the Offeror will make a public announcement of that fact and the Take-over Bid will remain

open for deposits and tenders of Voting Shares for not less than 10 days from the date of such public announcement;

- (qq) **“Permitted Bid Acquisition”** means an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (rr) **“Person”** includes any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate, a government and its agencies or instrumentalities and any entity or group whether or not having legal personality;
- (ss) **“Pro Rata Acquisition”** means an acquisition by a Person of Voting Shares pursuant to:
 - (i) a Dividend Reinvestment Acquisition;
 - (ii) a stock dividend, stock split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of securities of the particular class, classes or series (other than holders resident in a jurisdiction where a distribution is restricted or impracticable as a result of applicable law);
 - (iii) the acquisition or the exercise by the Person of only those rights to purchase Voting Shares distributed to that Person in the course of a distribution to all holders of securities of the Corporation of one or more particular classes or series pursuant to a rights offering or pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of such Voting Shares so distributed than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition; or
 - (iv) a distribution of Voting Shares, or securities convertible into or exchangeable for Voting Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or by way of a private placement or securities exchange take-over bid, provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition;
- (tt) **“Record Time”** means the time on November 30, 2009 that was immediately following the time of the issuance of Common Shares pursuant to the Initial Cenovus Share Exchange, as defined in and in accordance with Subsection 3.01(1)(k) of the plan of arrangement implemented pursuant to the arrangement agreement made as of October 20, 2009 among the Corporation, Cenovus Energy Inc. and Encana Corporation;
- (uu) **“Reconfirmation Meeting”** has the meaning ascribed in Section 5.16;
- (vv) **“Redemption Price”** has the meaning ascribed thereto in Subsection 5.1(b);

- (ww) **“Right”** means a right to purchase a Common Share upon the terms and subject to the conditions set forth in this Agreement;
- (xx) **“Rights Certificate”** means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1;
- (yy) **“Rights Holders’ Special Meeting”** means a meeting of the holders of Rights called by the Board of Directors for the purpose of approving a supplement or amendment to this Agreement pursuant to Subsection 5.4(c);
- (zz) **“Rights Register”** has the meaning ascribed thereto in Subsection 2.6(a);
- (aaa) **“Rights Registrar”** has the meaning ascribed thereto in Subsection 2.6(a);
- (bbb) **“Securities Act”** means the *Securities Act*, R.S.A. 2000, c. S-4, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;
- (ccc) **“Separation Time”** means the close of business on the eighth Trading Day after the earlier of:
- (i) the Stock Acquisition Date;
 - (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid, a Competing Permitted Bid or, for greater certainty, the Arrangement), provided that, if any Take-over Bid referred to in this Clause (ii) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and
 - (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such;
- or such later time as may be determined by the Board of Directors;
- (ddd) **“Stock Acquisition Date”** means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Part 5 of NI 62-104 or Section 13(d) of the *1934 Exchange Act*) by the Corporation or an Acquiring Person that an Acquiring Person has become such or such later date as determined by the Board of Directors;
- (eee) **“Subsidiary”** a corporation is a Subsidiary of another corporation if:
- (i) it is controlled by:
 - (A) that other; or
 - (B) that other and one or more corporations, each of which is controlled by that other; or

- (C) two or more corporations, each of which is controlled by that other; or
- (ii) it is a Subsidiary of a corporation that is that other's Subsidiary;
- (fff) **"Take-over Bid"** means an Offer to Acquire Voting Shares, or securities convertible into Voting Shares if, assuming that the Voting Shares or convertible securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of such Offer to Acquire by the Person making such Offer to Acquire, such Voting Shares (including Voting Shares that may be acquired upon conversion of securities convertible into Voting Shares) together with the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire, but, for greater certainty, does not include the Arrangement;
- (ggg) **"TSX"** means the Toronto Stock Exchange;
- (hhh) **"Trading Day"**, when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;
- (iii) **"U.S.-Canadian Exchange Rate"** means, on any date:
 - (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
 - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith;
- (jjj) **"Voting Share Reduction"** means an acquisition or redemption by the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the proportionate number of Voting Shares Beneficially Owned by any Person to 20% or more of the Voting Shares then outstanding; and
- (kkk) **"Voting Shares"** means the Common Shares and any other shares in the capital of the Corporation entitled to vote generally in the election of all directors.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Headings

The division of this Agreement into Articles, Sections, Clauses, Paragraphs or other portions hereof and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares

For purposes of this Agreement, the percentage of Voting Shares Beneficially Owned by any Person, shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times A/B$$

where:

- A = the number of votes for the election of all directors generally attaching to the Voting Shares Beneficially Owned by such Person; and
- B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

Where any Person is deemed to Beneficially Own unissued Voting Shares, such Voting Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Voting Shares Beneficially Owned by such Person.

1.5 Acting Jointly or in Concert

For the purposes hereof, a Person is acting jointly or in concert with every Person who, as a result of any agreement, commitment or understanding, whether formal or informal, and whether or not in writing, with the first Person or any Affiliate thereof, acquires or offers to acquire Voting Shares (other than (i) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (ii) pledges of securities in the ordinary course of business).

1.6 Generally Accepted Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the relevant time of the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) or, to the extent adopted by the Corporation and permitted by applicable laws, generally accepted accounting principles in the United States, as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

ARTICLE 2 THE RIGHTS

2.1 Legend on Common Share Certificates

- (a) Effective at the Record Time, one Right has been issued in respect of each Common Share then issued and outstanding and one Right shall be issued in

respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time; and

- (b) Certificates representing Common Shares which are issued and Common Shares that are issued and registered in Book Entry Form, each after the Record Time but prior to the earlier of the Separation Time and the Expiration Time, shall also evidence, in addition to Common Shares, one Right for each Common Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them a legend in a form substantially to the following effect (adapted accordingly as the Rights Agent may reasonably require):

Until the Separation Time (defined in the Shareholder Rights Plan Agreement referred to below), this certificate/entry also evidences the rights of holder described in a Shareholder Rights Plan Agreement originally dated as of October 20, 2009, as subsequently amended and restated, and as may from time to time be further amended, restated, supplemented or replaced (the "Shareholder Rights Plan Agreement") between Cenovus Energy Inc. and Computershare Investor Services Inc. (as successor to CIBC Mellon Trust Company), the terms of which are incorporated herein by reference and a copy of which is available on demand without charge at the registered office of the Corporation. Under certain circumstances set out in the Shareholder Rights Plan Agreement, the rights may expire, may become null and void or may be evidenced by separate certificate/entry and no longer evidenced by this certificate/entry. The Corporation will mail or arrange for the mailing of a copy of the Shareholder Rights Plan Agreement to the holder of this [certificate/entry] without charge as soon as practicable after the receipt of a written request therefor.

Common Shares that are issued and outstanding at the Record Time shall also evidence one Right for each Common Share represented thereby, notwithstanding the absence of the foregoing legend, until the close of business on the earlier of the Separation Time and the Expiration Time.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price (and the Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
 - (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) each Right will be evidenced by the certificate for the associated Common Share of the Corporation registered in the name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) or by Book Entry Form registration for the associated Common Share and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time:

- (i) the Rights shall be exercisable; and
 - (ii) the registration and transfer of Rights shall be separate from and independent of Common Shares of the Corporation.
- (d) Promptly following the Separation Time, the Corporation will determine whether it wishes to issue Rights Certificates or whether it will maintain the Rights in Book Entry Form. In the event that the Corporation determines to maintain Rights in Book Entry Form, it will put in place such alternative procedures (as are determined necessary in consultation with the Rights Agent) for the Rights to be maintained in Book Entry Form (the "Book Entry Rights Exercise Procedures"), it being hereby acknowledged that such procedures shall, to the greatest extent possible, replicate in all substantive respects the procedures set out in this Agreement with respect to the exercise of the Rights Certificates and that the procedures set out in this Agreement shall be modified only to the extent necessary, as reasonably determined by the Rights Agent, to permit the Corporation to maintain the Rights in Book Entry Form. In such event, the Book Entry Rights Exercise Procedures shall be deemed to replace the procedures set out in the Agreement with respect to the exercise of Rights and all provisions of this Agreement referring to the Rights Certificates shall be applicable to Rights registered in Book Entry Form in like manner as the Rights in certificated form.
- (e) In the event the Corporation determines to issue Rights Certificates, it will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person, any other person whose Rights are or become void pursuant to the provisions of Subsection 3.1(b) hereof and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "Nominee")) at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):
- (i) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
 - (ii) a disclosure statement prepared by the Corporation describing the Rights,
- provided that a Nominee shall be sent the materials provided for in (i) and (ii) of this Subsection 2.2(e) in respect of all Common Shares of the Corporation held of record by it which are not Beneficially Owned by an Acquiring Person.
- (f) In the event that the Corporation determines to issue Rights Certificates, Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:

- (i) the Rights Certificate evidencing such Rights;
 - (ii) an election to exercise such Rights (an "Election to Exercise") substantially in the form attached to the Rights Certificate appropriately completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (iii) payment by certified cheque, banker's draft or money order payable to the order of the Corporation, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (g) In the event that the Corporation determines to issue Rights Certificates, then upon receipt of a Rights Certificate, together with a completed Election to Exercise executed in accordance with Clause 2.2(f)(ii), which does not indicate that such Right is null and void as provided by Subsection 3.1(b), and payment as set forth in Clause 2.2(f)(iii), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
- (i) requisition from the transfer agent certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
 - (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares in accordance with Subsection 5.5(b);
 - (iii) after receipt of the certificates referred to in Clause 2.2(g)(i), deliver the same to or upon the order of the registered holder of such Rights Certificates, registered in such name or names as may be designated by such holder;
 - (iv) when appropriate, after receipt, deliver the cash referred to in Clause 2.2(g)(ii) to or to the order of the registered holder of such Rights Certificate; and
 - (v) remit to the Corporation all payments received on exercise of the Rights.
- (h) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Subsection 5.5(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (i) The Corporation covenants and agrees that it will:

- (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
- (ii) take all such action as may be necessary and within its power to comply with the requirements of the CBCA, the *Securities Act* and the securities laws or comparable legislation of each of the provinces of Canada, and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
- (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the stock exchanges on which such Common Shares were traded immediately prior to the Stock Acquisition Date;
- (iv) cause to be reserved and kept available out of the authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
- (v) pay when due and payable, if applicable, any and all federal, provincial and municipal transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or certificates for Common Shares to be issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and
- (vi) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

- (a) In the event the Corporation shall at any time after the date of this Agreement:
 - (i) declare or pay a dividend on Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities of the

Corporation) other than pursuant to any optional stock dividend program or Dividend Reinvestment Plan;

- (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares;
- (iii) consolidate or change the then outstanding Common Shares into a smaller number of Common Shares; or
- (iv) issue any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities of the Corporation) in respect of, in lieu of or in exchange for existing Common Shares except as otherwise provided in this Section 2.3,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted as of the payment or effective date in the manner set forth below.

If the Exercise Price and number of Rights outstanding are to be adjusted:

- (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the "Expansion Factor") that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof; and
- (y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it.

For greater certainty, if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result of such dividend, subdivision, change, consolidation or issuance.

If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any shares of capital stock other than Common Shares in a transaction of a type described in Clause 2.3(a)(i) or 2.3(a)(iv), shares of such capital stock shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment. If an event occurs which would require an adjustment under both this Section 2.3 and Subsection 3.1(a) hereof, the adjustment provided for in this Section 2.3 shall be in addition to and shall be

made prior to any adjustment required pursuant to Subsection 3.1(a) hereof. Adjustments pursuant to Subsection 2.3(a) shall be made successively, whenever an event referred to in Subsection 2.3(a) occurs.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in this Subsection 2.3(a), each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such associated Common Share.

- (b) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per share) less than the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
- (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price per Common Share; and
 - (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options or warrants are not so issued, or if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed, or to the Exercise Price which would be in effect based upon the number of Common Shares (or securities convertible into, or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any stock dividend plan or Dividend Reinvestment Plan or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in all such cases, the right to purchase Common Shares is at a price per share of not less than 95 % of the current market price per share (determined as provided in such plans) of the Common Shares.

- (c) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the making of a distribution to all holders of Common Shares (including any such distribution made in connection with a merger, arrangement or amalgamation) of evidences of indebtedness, cash (other than a regular periodic cash dividend or a dividend referred to in Clause 2.3(a)(i), but including any dividend payable in other securities of the Corporation, other than Common Shares), assets or rights, options or warrants (excluding those referred to in Subsection 2.3(b)), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
- (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per share basis, of the portion of the cash, assets, evidences of indebtedness, rights, options or warrants so to be distributed; and
 - (ii) the denominator of which shall be such Market Price per Common Share.

Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

- (d) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1.0% in the Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a share. Notwithstanding the first sentence of this Subsection 2.3(d), any adjustment required by Section 2.3 shall be made no later than the earlier of:
- (i) three years from the date of the transaction which gives rise to such adjustment; or
 - (ii) the Expiration Time.
- (e) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights, options or warrants to subscribe for or purchase any such

capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in Clauses 2.3(a)(i) or (iv), if the Board of Directors acting in good faith determines that the adjustments contemplated by Clauses 2.3(a), (b) and (c) in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Clauses 2.3 (a), (b) and (c), such adjustments, rather than the adjustments contemplated by Clauses 2.3 (a), (b) and (c), shall be made. The Corporation and the Rights Agent shall have authority to amend this Agreement in accordance with Subsections 5.4(b) and 5.4(c), as the case may be, to provide for such adjustments.

- (f) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.
- (g) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (h) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.
- (i) Notwithstanding anything contained in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Board of Directors determines to be advisable, in order that any:
 - (i) consolidation or subdivision of Common Shares;
 - (ii) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares;
 - (iii) stock dividends; or
 - (iv) issuance of rights, options or warrants referred to in this Section 2.3,

hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders.

- (j) Whenever an adjustment to an Exercise Price or a change in the securities purchasable upon exercise of the Rights is made pursuant to this Section 2.3, the Corporation shall promptly:
 - (i) file with the Rights Agent and with the transfer agent for the Corporation a certificate specifying the particulars of such adjustment or change; and
 - (ii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights.

Failure to file such certificate or to cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate or confirmation in Book Entry Form for Common Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities, if applicable, represented thereon, and such certificate or entry shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(f) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate or entry shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

Rights will be evidenced, in the case of Rights in Book Entry Form, by a statement issued under the Rights Agent's direct registration system or, alternatively, if the Corporation determines to issue Rights Certificates, by the following procedures:

- (a) The Rights Certificates shall be executed on behalf of the Corporation by its Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice-President, Treasurer, Corporate Secretary, or any Assistant Secretary of the Corporation under the corporate seal of the Corporation reproduced thereon. The signature of any of these officers on the Rights Certificates may be manual, facsimile or email scanned copy. Rights Certificates bearing the manual, facsimile or email scanned signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices either before or after the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver a disclosure statement and Rights Certificates executed by the Corporation to

the Rights Agent for countersignature, and the Rights Agent shall countersign (manually or by a facsimile or email scanned signature in a manner satisfactory to the Corporation) and send such disclosure statement and Rights Certificates to the holders of the Rights pursuant to Subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Transfer and Exchange

- (a) After the Separation Time, the Corporation will cause to be kept a register (the "Rights Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the "Rights Registrar") for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c), the Corporation will execute, and the Rights Agent will manually countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered. Alternatively, in the case of the exercise of Rights in Book Entry Form, the Rights Agent shall provide the holder or the designated transferee or transferees with one or more statements issued under the Rights Agent's direct registration system evidencing the same aggregate number of Rights as did the direct registration system's records for the Rights transferred or exchanged.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer satisfactory in form to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate

evidencing the same number of Rights as did the Rights Certificate so surrendered.

- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:
 - (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
 - (ii) such security or indemnity as may be reasonably required by them in their sole discretion to save each of them and any of their agents harmless;

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the destroyed, lost or stolen Rights Certificate.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

2.8 Persons Deemed Owners of Rights

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, of the associated Common Shares).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall, subject to

applicable laws, and its ordinary business practices, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation upon request.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;
- (c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares or other securities upon exercise of a Right (except as provided herein);
- (f) that, subject to the provisions of Section 5.4, without the approval of any holder of Rights or Voting Shares and upon the sole authority of the Board of Directors, acting in good faith, this Agreement may be supplemented or amended from time to time to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with the intent of this Agreement or is otherwise defective, as provided herein; and
- (g) that notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

2.11 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any right, title, benefit or privilege of a holder of Common Shares or any other shares or securities of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of Common Shares or any other shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3 ADJUSTMENTS TO THE RIGHTS

3.1 Flip-in Event

- (a) Subject to Subsection 3.1(b) and Section 5.1, if prior to the Expiration Time a Flip-in Event occurs, each Right shall constitute, effective at the close of business on the eighth Trading Day after the Stock Acquisition Date, the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Stock Acquisition Date by:
 - (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or
 - (ii) a transferee of Rights, directly or indirectly, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose or effect of avoiding Clause 3.1(b)(i),

shall become null and void without any further action, and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise.

- (c) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the CBCA, the *Securities Act* and the securities laws or comparable legislation of each of the provinces of Canada and of the United States and each of the states thereof in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.
- (d) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Clause 3.1(b)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Shareholder Rights Plan Agreement) or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the Shareholder Rights Plan Agreement.

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend. The issuance of a Rights Certificate without the legend referred to in this Subsection 3.1(d) shall have no effect on the provisions of Subsection 3.1(b).

ARTICLE 4 THE RIGHTS AGENT

4.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents ("Co-Rights Agents") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine, with the approval of the Rights Agent and the Co-Rights Agent. The Corporation agrees to pay all reasonable fees and expenses of the Rights Agent in respect of the performance of its duties under this Agreement. The Corporation also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss,

liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, opinion, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation.

4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent

- (a) Any corporation into which the Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. If at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, the successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and if at that time any of the Rights have not been countersigned, any successor Rights Agent may countersign such Rights Certificates in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.
- (b) If, at any time, the name of the Rights Agent is changed and at such time any of the Rights Certificates have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and if, at that time, any of the Rights Certificates have not been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, all of which the Corporation and the holders of certificates for Common Shares and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent, at the expense of the Corporation, may consult with and retain legal counsel (who may be legal counsel for the Corporation) and such other experts as it reasonably considers necessary to perform its duties hereunder, and the opinion of such counsel or other expert will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion;
- (b) whenever in the performance of its duties under this Agreement, the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof is specifically prescribed herein) is deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice-President, Treasurer, Corporate Secretary, or any Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent will be liable hereunder for its own negligence, bad faith or willful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not have any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any certificate for a Common Share or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exerciseability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor is it deemed by any act hereunder to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice-President, Treasurer, Corporate Secretary or any Assistant Secretary of the Corporation, and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement and nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail. The Corporation may remove the Rights Agent upon 60 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 60 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then by prior written notice to the Corporation the resigning Rights Agent or the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate, if any, for inspection by the Corporation), may apply to any court of competent jurisdiction for the appointment of a new Rights Agent, at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Alberta. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon receipt of all outstanding fees and expenses owing to it, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further

assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and mail a notice thereof in writing to the holders of the Rights in accordance with Section 5.9. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of any successor Rights Agent, as the case may be.

4.5 Compliance with Money Laundering Legislation

The Rights Agent shall retain the right to not take any action and shall not be liable for refusing to take any action if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an action might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation, or guideline, then it shall have the right to resign on 10 days' prior written notice to the Corporation, provided:

- (a) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and
- (b) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

ARTICLE 5 MISCELLANEOUS

5.1 Redemption and Waiver

- (a) The Board of Directors acting in good faith may, until the occurrence of a Flip-in Event, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 to a particular Flip-in Event that would result from a Take-over Bid made by way of take-over bid circular to all holders of Voting Shares (which for greater certainty shall not include the circumstances described in Subsection 5.1(h)); provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event pursuant to this Subsection 5.1(a), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders of Voting Shares prior to the expiry of any Take-over Bid (as the same may be extended from time to time) in respect of which a waiver is, or is deemed to have been, granted under this Subsection 5.1(a).
- (b) Subject to the prior consent of the holders of the Voting Shares or the Rights as set forth in Subsections 5.4(b) or (c), as applicable, the Board of Directors acting in good faith may, at its option, at any time prior to the provisions of Section 3.1 becoming applicable as a result of the occurrence of a Flip-in Event, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.000001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "Redemption Price").

- (c) Where, pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition under Subsection 5.1(a), a Person acquires outstanding Voting Shares, other than Voting Shares Beneficially Owned by such Person at the date of the Permitted Bid, the Competing Permitted Bid or the Exempt Acquisition under Subsection 5.1(a), then the Board of Directors shall immediately upon the consummation of such acquisition without further formality and without any approval under Subsection 5.4(b) or (c) be deemed to have elected to redeem the Rights at the Redemption Price.
- (d) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.
- (e) If the Board of Directors is deemed under Subsection 5.1(c) to have elected, or elects under either of Subsection 5.1(b) or (d), to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.
- (f) Within 10 days after the Board of Directors is deemed under Subsection 5.1(c) to have elected, or elects under Subsections 5.1(b) or (d), to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Voting Shares. Any notice which is mailed in the manner provided herein shall be deemed given, whether or not the holder receives the notice. Each notice of redemption will state the method by which the payment of the Redemption Price will be made.
- (g) Upon the Rights being redeemed pursuant to Subsection 5.1(d), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred and the Rights shall remain attached to the outstanding Common Shares, subject to and in accordance with the provisions of this Agreement.
- (h) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined within eight Trading Days following a Stock Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Subsection 5.1(h) must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "Disposition Date"), has reduced its Beneficial Ownership of Voting Shares so that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of

occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.

- (i) The Corporation shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Board of Directors under this Section 5.1.

5.2 Expiration

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsection 4.1(a) of this Agreement.

5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.4 Supplements and Amendments

- (a) The Corporation may make amendments to this Agreement to correct any clerical or typographical error or, subject to Subsection 5.4(e), which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (b) Subject to Subsection 5.4(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time prior to the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights, (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the articles and by-laws of the Corporation.
- (c) The Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time, amend, vary or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders and representing 50% plus one of the votes cast in respect thereof.

- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the CBCA with respect to meetings of shareholders of the Corporation.
- (e) Any amendments made by the Corporation to this Agreement pursuant to Subsection 5.4(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rule or regulation thereunder shall:
 - (i) if made before the Separation Time, be submitted to the shareholders of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in Subsection 5.4(b), confirm or reject such amendment; or
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Subsection 5.4(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or the holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights as the case may be.

5.5 Fractional Rights and Fractional Shares

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Corporation shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Subsection 3.1(b), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right.

- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.
- (c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to Subsection 5.5(a) or 5.5(b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be.

5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights, or Rights to which such holder is entitled, in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

5.7 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of requisite approval or consent from any governmental or regulatory authority, and without limiting the generality of the foregoing, necessary approvals of the TSX and other exchanges shall be obtained, in relation to the issuance of Common Shares upon the exercise of Rights under Subsection 2.2(f).

5.8 Declaration as to Non-Canadian or Non-U.S. Holders

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

5.9 Notices

- (a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the

Corporation shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Rights Agent), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Cenovus Energy Inc.
4100, 225 - 6 Ave SW
Calgary, AB T2P 0M5

Attention: Corporate Secretary
Fax No. (403) 513-6484

- (b) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Corporation), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Computershare Investor Services Inc.
800, 324 - 8th Avenue
Calgary, AB T2P 2Z2

Attention: General Manager
Fax: (403) 267-6529

- (c) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for its Common Shares. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.
- (d) Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of telegraphing, telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

5.10 Costs of Enforcement

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder to enforce his rights pursuant to any Rights or this Agreement.

5.11 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

5.12 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; further, this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

5.13 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Alberta and for all purposes shall be governed by and construed in accordance with the laws of such Province applicable to contracts to be made and performed entirely within such Province.

5.14 Severability

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining terms and provisions hereof in such jurisdiction or the application of such term or provision in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

5.15 Coming Into Effect

This Agreement replaces and supersedes the 2018 Amended and Restated Agreement and is effective and in full force and effect in accordance with its terms immediately prior to the Effective Time, provided that, for greater certainty, if the Effective Time does not occur this Agreement shall be of no force or effect.

5.16 Reconfirmation

This Agreement must be reconfirmed by a resolution passed by a majority of greater than 50% of the votes cast by all holders of Voting Shares who vote in respect of such reconfirmation at the annual meeting of the Corporation to be held in 2021 and at every third annual meeting of the Corporation thereafter (each such annual meeting being a ("Reconfirmation Meeting"). If the Agreement is not so reconfirmed or is not presented for reconfirmation at each such Reconfirmation Meeting, the Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of any such Reconfirmation Meeting; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Subsections 5.1(a) or (h) hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.16.

5.17 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done, made or approved by the Board of Directors, in good faith,

for the purposes hereof shall not subject the Board of Directors or any director of the Corporation to any liability to the holders of the Rights.

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

CENOVUS ENERGY INC.

By: (signed) "*Alex J. Pourbaix*"

Name: Alex J. Pourbaix
Title: President & Chief Executive
Officer

By: (signed) "*Gary F. Molnar*"

Name: Gary F. Molnar
Title: Vice-President, Legal, Assistant
General Counsel & Corporate
Secretary

c/s

**COMPUTERSHARE INVESTOR
SERVICES INC.**

By: (signed) "*Stephen Bandola*"

Name: Stephen Bandola
Title: Relationship Manager

By: (signed) "*Tara Israelson*"

Name: Tara Israelson
Title: General Manager, Client
Services

c/s

[Signature Page to Amended and Restated Shareholder Rights Plan Agreement]

ATTACHMENT 1

CENOVUS ENERGY INC.

SHAREHOLDER RIGHTS PLAN AGREEMENT

[Form of Rights Certificate]

Certificate No. _____

Rights _____

THE RIGHTS ARE SUBJECT TO REDEMPTION OR TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, MAY BECOME VOID.

Rights Certificate

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, dated as of October 20, 2009, as restated as of November 30, 2009, amended and restated as of April 25, 2012, amended and restated April 25, 2018, and amended and restated as of January 1, 2021, and as the same may be further amended, restated, supplemented or replaced from time to time (the "Shareholder Rights Plan Agreement"), between Cenovus Energy Inc. (successor by way of amalgamation to 7050372 Canada Inc.) (the "Corporation"), a corporation duly amalgamated under the *Canada Business Corporations Act* and Computershare Investor Services Inc., a corporation incorporated under the laws of Canada (the "Rights Agent") (which term shall include any successor Rights Agent under the Shareholder Rights Plan Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Shareholder Rights Plan Agreement) and prior to the Expiration Time (as such term is defined in the Shareholder Rights Plan Agreement), one fully paid common share of the Corporation (a "Common Share") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in any of the cities of Calgary, Vancouver, Toronto and Montreal. The Exercise Price shall initially be \$● (Cdn.) per Right and shall be subject to adjustment in certain events as provided in the Shareholder Rights Plan Agreement.

In certain circumstances described in the Shareholder Rights Plan Agreement, the number of Common Shares which each Right entitles the registered holder thereof to purchase shall be adjusted as provided in the Shareholder Rights Plan Agreement.

This Rights Certificate is subject to all of the terms and provisions of the Shareholder Rights Plan Agreement, which terms and provisions are incorporated herein by reference and made a part hereof and to which Shareholder Rights Plan Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights

Certificates. Copies of the Shareholder Rights Plan Agreement are available at the registered office of the Corporation.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Shareholder Rights Plan Agreement, the Rights evidenced by this Certificate may be redeemed by the Corporation at a redemption price of \$0.000001 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No fractional Common Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Shareholder Rights Plan Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Shareholder Rights Plan Agreement or herein be construed to confer upon the holder hereof, as such, any of the Rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Shareholder Rights Plan Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Shareholder Rights Plan Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

Date:

CENOVUS ENERGY INC.

By: _____

By: _____

Countersigned:

COMPUTERSHARE INVESTOR SERVICES INC.

By: _____

By: _____

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate.) FOR VALUE RECEIVED _____ hereby

sells, assigns and transfers unto _____

(Please print name and address of transferee.)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: _____

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a major Schedule 1 Canadian chartered bank, a member of a recognized stock exchange or a member of a recognized Medallion Guarantee Program.

.....
CERTIFICATE

(To be completed if true.)

The undersigned party transferring Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Plan Agreement.

Signature

.....
(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

(To be exercised by the registered holder if such holder desires to exercise the Rights Certificate.)

TO: _____

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of:

(Name)

(Address)

(City and Province)

Social Insurance Number or other taxpayer identification number.

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

(Name)

(Address)

(City and Province)

Social Insurance Number or other taxpayer identification number.

Dated: _____

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a major Schedule 1 Canadian chartered bank, a member of a recognized stock exchange or a member of a recognized Medallion Guarantee Program.

.....

CERTIFICATE

(To be completed if true.)

The undersigned party exercising Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Plan Agreement.

Signature

.....
(To be attached to each Rights Certificate)

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof. No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof, or by a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof.

CENOVUS ENERGY INC.

- and -

HUTCHISON WHAMPOA EUROPE INVESTMENTS S.À R.L.

PRE-EMPTIVE RIGHTS AGREEMENT

January 1, 2021

PRE-EMPTIVE RIGHTS AGREEMENT

THIS PRE-EMPTIVE RIGHTS AGREEMENT (this "Agreement") is made as of January 1, 2021.

BETWEEN:

CENOVUS ENERGY INC., a corporation existing under the laws of Canada (the "Corporation")

- and -

HUTCHISON WHAMPOA EUROPE INVESTMENTS S.À R.L., a *société à responsabilité limitée* existing under the laws of Luxembourg (the "Shareholder")

WHEREAS the Corporation and Husky Energy Inc. ("Husky") completed on the date hereof an arrangement under section 193 of the *Business Corporations Act* (Alberta) involving, among others, Husky, the Corporation and the shareholders of Husky ("Arrangement") pursuant to an arrangement agreement dated October 24, 2020 (the "Arrangement Agreement");

AND WHEREAS the Arrangement Agreement contemplated, among other things, that the Corporation shall, if requested in writing on or prior to the effective date of the Arrangement (the "Effective Date") by a beneficial holder holding more than 5% of the outstanding Common Shares (as defined herein) immediately after the consummation of the Arrangement, cause to be executed and delivered a pre-emptive rights agreement between the Corporation and such beneficial holder in the form attached to the Arrangement Agreement;

AND WHEREAS the Shareholder has requested that the Corporation enter into this Agreement, and has delivered evidence satisfactory to the Corporation that, on the Effective Date, the Shareholder is a beneficial holder of more than 5% of the outstanding Common Shares immediately after the consummation of the Arrangement and, in reliance thereof, the Corporation has agreed to enter into this Agreement with the Shareholder;

NOW THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties (as defined herein)), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "Affiliate" means as follows: a Person (first Person) is considered to be an Affiliate of another Person (second Person) if the first Person: (i) Controls the second Person, or (ii) is Controlled by the second Person, or (iii) is Controlled by another Person that Controls, directly or indirectly, the second Person;

- (b) "**Applicable Securities Laws**" means (i) collectively, the securities acts or similar statutes of each of the provinces and territories of Canada and the respective rules and regulations under such laws, together with applicable published national, multilateral and local policy statements, instruments, notices and blanket orders of the provinces and territories of Canada and all rules, by-laws and regulations governing the Toronto Stock Exchange; and (ii) federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, and all rules, by-laws and regulations governing the New York Stock Exchange;
- (c) "**Bought Deal**" means a fully underwritten offering on a bought deal basis pursuant to which an underwriter has, or underwriters have, committed to purchase Common Shares or Convertible Securities of the Corporation pursuant to a "bought deal" letter prior to the filing of a prospectus under applicable Canadian securities laws;
- (d) "**Business Day**" means any day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday or Sunday or statutory holiday in Alberta;
- (e) "**Common Shares**" means the common shares in the capital of the Corporation and includes any shares of the Corporation into which such common shares may be converted, reclassified, subdivided, consolidated, exchanged or otherwise changed, whether pursuant to a reorganization, amalgamation, merger, arrangement or other form of reorganization;
- (f) "**Control**" means as follows: a Person (first Person) is considered to Control another Person (second Person) if:
- (i) the first Person beneficially owns, or controls or directs, securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors of the second Person unless that first person holds the voting securities only to secure an obligation;
 - (ii) the second Person is a partnership, other than a limited partnership, and the first Person directly or indirectly holds more than 50% of the interests of the partnership; or
 - (iii) the second Person is a limited partnership and the first Person is the general partner of the limited partnership;
- (g) "**Convertible Securities**" means any equity securities, rights, options, warrants or other convertible securities which in each case represent rights to purchase Common Shares;
- (h) "**Exempt Issuances**" means any issuance or sale of Subject Securities to which the Pre-emptive Right does not apply pursuant to paragraphs (a)-(d) of Section 2.3;
- (i) "**Follow-On Offering**" shall have the meaning set out in Section 2.2(c);
- (j) "**Governmental Authority**" means any stock exchange or any court, tribunal or judicial or arbitral body or other governmental department, regulatory agency or body, commission, board, bureau, agency, or instrumentality of Canada or the United States, or of any country, state, province, territory, county, municipality, city, town or other political jurisdiction, whether domestic or foreign and whether now or in the future constituted or existing;
- (k) "**Offering**" shall have the meaning set out in Section 2.1(a);

- (l) **"Offering Convertible Securities"** means Convertible Securities issued or sold pursuant to an Offering so long as the Shareholder was provided an Offer Notice in respect of such Offering or the Corporation has complied with its obligations in respect of a Follow-On Offering as contemplated in Section 2.2(c);
- (m) **"Parties"** means, the Corporation, the Shareholder and their respective successors and permitted assigns hereunder, and **"Party"** means any one of them;
- (n) **"Person"** means any individual, partnership, limited partnership, limited liability partnership, limited or unlimited liability company or corporation, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal personal representative or governmental authority or entity however designated or constituted;
- (o) **"Registration Rights Agreement"** an agreement with any Person that constitutes a "Registration Rights Agreement" as defined in the Arrangement Agreement;
- (p) **"Shareholder Pro Rata Interest"** means, as at any date, the aggregate interest of the Shareholder and its Affiliates calculated as that fraction, expressed as a percentage:
 - (i) the numerator of which shall be the number of Common Shares which the Shareholder beneficially owns or controls or directs at the relevant date, and
 - (ii) the denominator of which shall be the then-outstanding Common Shares;
- (q) **"Standstill Agreements"** means the standstill agreements entered into between the Supporting Husky Shareholders and the Corporation, dated as of October 24, 2020;
- (r) **"Supporting Husky Shareholders"** means Hutchison Whampoa Europe Investments S.à r.l. and L.F. Investments S.à r.l.; and
- (s) **"Transfer Restrictions"** means any restrictions or conditions on the transfer of Common Shares by the Shareholder pursuant to any Applicable Securities Laws, any order or requirement of a Governmental Authority, or any written agreement between the Shareholder and the Corporation;

1.2 Headings for Reference Only

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Construction and Interpretation

- (a) If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party because of the authorship of any provision of this Agreement.
- (b) Where this Agreement states that a Party **"will"**, **"must"** or **"shall"** perform in some manner or otherwise act or omit to act, it means that such Party is legally obligated to do so in accordance with this Agreement.

- (c) The terms "**hereof**", "**herein**", "**hereunder**", "**hereto**" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections, subsections, paragraphs and subparagraphs are to Articles, Sections, subsections, paragraphs and subparagraphs of this Agreement.
- (d) For the purposes of this Agreement, the term "**then-outstanding Common Shares**" shall mean the actual number of outstanding Common Shares at any such time.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

All sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted.

ARTICLE 2 PRE-EMPTIVE RIGHTS

2.1 Pre-emptive Right

- (a) Subject to Section 2.3, if the Corporation proposes to issue or sell (each, an "**Offering**") any Common Shares or Convertible Securities (collectively, "**Subject Securities**"), then the Shareholder shall be entitled and have the right and option (but shall not be required) to concurrently purchase or acquire up to such number of Subject Securities as would allow the Shareholder to maintain its Shareholder Pro Rata Interest in the then-outstanding Common Shares at the level of its Shareholder Pro Rata Interest immediately prior to such Offering (the "**Pre-emptive Right**") (after giving effect to any Subject Securities acquired by the Shareholder as part of the Offering and, solely for purposes of calculating the Shareholder Pro Rata Interest in this Section 2.1(a), in the event the Subject Securities subject to the Pre-emptive Right are Convertible Securities, the number of Common Shares underlying such Convertible Securities issued or to be issued pursuant to such Offering shall be included in the then-outstanding Common Shares).
- (b) The purchase by the Shareholder of any such Subject Securities shall be at the same price per Subject Security and otherwise be on economic terms and conditions that are no less favourable, individually or in the aggregate, to the Shareholder than the terms and conditions are to any purchaser in such Offering.
- (c) For greater certainty, no Subject Securities will be issued or sold by the Corporation at any time after the date hereof except in compliance with this Article 2.

2.2 Pre-emptive Right Notice

- (a) Subject to Section 2.2(c), the Corporation shall use commercially reasonable efforts to provide the Shareholder with written notice of any Offering no later than five (5) Business Days (or, in the case of a Bought Deal, the Corporation shall have provided such notice to the Shareholder as promptly as practicable in the circumstances having regard to the time periods typical for a transaction of such nature, but in no case less than two (2) Business Days) prior to the public announcement of

the Offering (or, if no announcement, in any event no later than ten (10) Business Days prior to the consummation of such Offering) (the "**Offer Notice**").

- (i) The Offer Notice shall state that the Corporation is proposing to issue Subject Securities and shall set out the material terms of the proposed Offering, including (A) the proposed number and terms of the Subject Securities to be issued or sold, (B) the purchase price thereof, (C) the proposed closing date for the issuance of Subject Securities to the Shareholder, assuming exercise of the Pre-emptive Right by the Shareholder, which closing date shall be: (x) in the case of a Bought Deal, the closing date of the Bought Deal financing; (y) in any other case, at least ten (10) Business Days following the date on which the Shareholder receives such Offer Notice; or (z) such other date as the Parties may agree, and (D) any other material terms and conditions of such Offering. In the event that the Offer Notice is being delivered in connection with a proposed best-efforts or fully underwritten public offering through an agent or underwriter, the Offer Notice may state that the actual price per Subject Security being offered by the Corporation shall be the offering price to be agreed upon by the Corporation in the agency agreement, bid letter or underwriting agreement, as the case may be, relating to the Offering.
- (ii) The Offer Notice shall specify a deadline by which the Shareholder must deliver to the Corporation a written notice (the "**Notice of Exercise**") of its election to purchase all or any portion of the Subject Securities to which it is entitled to pursuant to the Pre-emptive Right. The Shareholder shall be deemed to have declined and to have waived its rights to acquire any Subject Securities under Section 2.1 if it does not deliver a Notice of Exercise by such deadline. Such deadline shall be no earlier than five (5) Business Days (or, in the case of a Bought Deal, no earlier than two (2) Business Days) after the Shareholder receives or is deemed to receive the Offer Notice in accordance with the terms hereof. If the Offer Notice is delivered in connection with a proposed best-efforts or fully underwritten public offering through an agent or underwriter, the Shareholder shall specify the maximum price or a range of prices per Subject Security at which the Shareholder will exercise its right to subscribe for or purchase Subject Securities pursuant to its Pre-emptive Right (provided that the Notice of Exercise may specify more than one maximum price per Subject Security together with the corresponding maximum number of Subject Securities to be subscribed for or purchased at each such maximum price).
- (iii) If the Shareholder delivers a Notice of Exercise stating that it wishes to purchase Subject Securities pursuant to the Offering, the Corporation shall, subject to Section 2.2(b), be obligated to sell and issue to the Shareholder, and the Shareholder shall be obligated to purchase from the Corporation, that number of Subject Securities specified by the Shareholder in the Notice of Exercise concurrently with the completion of the Offering.
- (iv) If the Shareholder does not deliver a Notice of Exercise in accordance with this Agreement, the Corporation shall be entitled within a period of 45 calendar days following the deadline to receive a Notice of Exercise to complete the proposed Offering on the terms and conditions contained in the Offer Notice. If no such Offering is completed within such 45 calendar day period, the Corporation will be required to again comply with the provisions of this Section 2.2(a).
- (v) The election by the Shareholder not to exercise its Pre-emptive Right in any one instance shall not affect its right as to any subsequent proposed Offering.

- (b) If, following delivery of an Offer Notice in respect of an Offering pursuant to this Section 2.2, fewer Subject Securities are issued or sold pursuant to such Offering than were specified in such Offer Notice:
- (i) the Corporation will not be required to send an amended Offer Notice to the Shareholder prior to completing such Offering; and
 - (ii) the Corporation may, at its option, elect to reduce the allocation of Subject Securities to be issued to the Shareholder on closing of such Offering to such number of Subject Securities that would allow the Shareholder to maintain its Shareholder Pro Rata Interest in the then-outstanding Common Shares at the level of its Shareholder Pro Rata Interest immediately prior to such Offering, calculated in accordance with Section 2.1.
- (c) If: (i) the Corporation does not deliver an Offer Notice to the Shareholder in advance of an Offering as contemplated in Section 2.2(a); (ii) the Corporation has used its commercially reasonable efforts to obtain a waiver or consent in order to provide such Offer Notice but the Corporation is nevertheless not permitted to provide such Offer Notice due to a confidentiality or similar agreement; or (iii) the Corporation has used its commercially reasonable efforts to deliver an Offer Notice but it is impracticable for the Corporation to do so, the Corporation shall: (A) when no longer prohibited, promptly notify the Shareholder of such fact; and (B) at the option of the Shareholder, use its commercially reasonable efforts to, as soon as reasonably practicable following such Offering, complete a follow-on issue or sale (a "**Follow-On Offering**") of the Subject Securities issued or sold pursuant to such Offering in order for the Shareholder to purchase from the Corporation at the same price per Subject Security and otherwise be on economic terms and conditions that are no less favourable, individually or in the aggregate, to the Shareholder than the terms and conditions are to any purchaser in such Offering up to such number of Subject Securities as would allow the Shareholder to maintain its Shareholder Pro Rata Interest in the then-outstanding Common Shares at the level of its Shareholder Pro Rata Interest immediately prior to such Offering (after giving effect to any Common Shares or Convertible Securities acquired by the Shareholder as part of such Follow-On Offering and, solely for purposes of calculating the Shareholder Pro Rata Interest in this Section 2.2(c), the number of Common Shares underlying Convertible Securities issued or to be issued pursuant to such Follow-On Offering shall be included in the then-outstanding Common Shares). Any securities issued pursuant to a Follow-On Offering shall, for the purposes of this Agreement and any Registration Rights Agreement be deemed to have been issued pursuant to a Pre-emptive Right.

2.3 Pre-emptive Right Exclusions

The Corporation shall not be obligated to deliver an Offer Notice or to otherwise comply with its obligations under Sections 2.1 or 2.2, and the Pre-emptive Right shall not apply to:

- (a) any Subject Securities that are to be issued or sold for purposes of director, officer, employee or consultant incentive plans, employee share ownership programs or similar plans or programs, in each case, that have been approved by the board of directors of the Corporation, including the issuance of any Common Shares on the exercise, conversion or settlement of such Subject Securities;
- (b) any Subject Securities that are to be issued in connection with a dividend reinvestment plan of the Corporation in effect from time to time;

- (c) any Subject Securities that are to be issued or sold to satisfy existing instruments issued by the Corporation or its Affiliates as of the date of this Agreement (including for greater certainty, the Shareholder Rights Plan of the Corporation in effect from time to time);
- (d) any Subject Securities that are to be issued or sold upon the exercise, exchange or conversion of any Offering Convertible Securities; or
- (e) any Subject Securities that are to be issued or sold to any third party seller pursuant to any corporate transaction, such as a merger, amalgamation, arrangement or take-over bid, or share or asset purchase, or similar transactions, where Subject Securities are used to fund all or a portion of the applicable transaction price.

2.4 Applicable Securities Laws

The Parties acknowledge that the issuance, sale and resale of Subject Securities are subject to Applicable Securities Laws which may impose restrictions on the issuance, sale and resale of the securities acquired by the Shareholder hereunder. In particular, the Parties acknowledge that the transactions contemplated pursuant to this Article 2 may be subject to Applicable Securities Laws regarding "related party transactions". Notwithstanding anything else in this Agreement, the Parties agree that, if as a result of complying with such securities laws, the time periods provided herein cannot be practicably complied with, such time periods shall be deemed not to apply to the applicable transaction and the Parties shall use commercially reasonable efforts to complete the transactions contemplated and intended to be carried out herein in as expeditious a manner as is practicable in order to comply with such Applicable Securities Laws.

2.5 No Obligation to Subscribe

The Shareholder shall have no obligation to subscribe for any Subject Securities, except for the Subject Securities specified in any Notice of Exercise delivered by the Shareholder to the Corporation.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of the Corporation

The Corporation represents and warrants to the Shareholder that:

- (a) it has the requisite corporate power and capacity to enter into and deliver this Agreement and to perform its obligations hereunder;
- (b) all necessary action has been taken by or on behalf of the Corporation to authorize the execution, delivery and performance of this Agreement, and this Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and legally binding obligation of the Corporation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court; and
- (c) neither the entering into nor the delivery of this Agreement by the Corporation nor the performance by the Corporation of its obligations hereunder will result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under: (i) any provisions of the articles or by-laws or other constating

documents of the Corporation; (ii) any of the resolutions of the board of directors of the Corporation or the shareholders of the Corporation; (iii) any agreement or other instrument to which the Corporation is a party or by which it is bound; or (iv) any applicable laws.

3.2 Representations and Warranties of the Shareholder

The Shareholder represents and warrants to the Corporation that:

- (a) it has the requisite corporate power and capacity to enter into and deliver this Agreement and to perform its obligations hereunder;
- (b) all necessary action has been taken by or on behalf of it to authorize the execution, delivery and performance of this Agreement, and this Agreement has been duly authorized, executed and delivered by it and constitutes a valid and legally binding obligation of it, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court; and
- (c) neither the entering into nor the delivery of this Agreement by it nor the performance by it of its obligations hereunder will result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under: (i) any provisions of its articles, by-laws, partnership or trust agreement or other constating documents, as applicable; (ii) any of the resolutions of its board of directors, general partner, trustee or similar body, or its securityholders, partners or beneficiaries, as applicable; (iii) any agreement or other instrument to which it is a party or by which it is bound; or (iv) any applicable laws; and
- (d) the Shareholder is a beneficial holder of more than 5% of the outstanding Common Shares.

3.3 Covenants of the Shareholder

- (a) The Shareholder covenants to the Corporation that, upon the reasonable request by the Corporation in writing, it shall promptly provide the Corporation with evidence satisfactory to the Corporation, acting reasonably, that the Shareholder beneficially holds more than 5% of the then-outstanding Common Shares.
- (b) If the Shareholder elects to exercise the Pre-emptive Right in connection with an Offering, the Shareholder consents to the Corporation and/or its agents or underwriters disclosing any such details in respect of the Shareholder and/or its participation in such Offering that are required to be disclosed under applicable law (including Applicable Securities Laws) in any materials, disclosure or other offering documents prepared by the Corporation and/or its agents or underwriters in connection with the announcement, marketing or distribution of the Subject Securities pursuant to such Offering.

ARTICLE 4 GENERAL PROVISIONS

4.1 Further Assurances

Each of the Parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require

from time to time for the purpose of giving effect to this Agreement and will use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement, in each case at such Party's own cost and expense (except as otherwise explicitly addressed in this Agreement).

4.2 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

4.3 Assignment

This Agreement may not be assigned by either Party without the prior written consent of the other Party, except that:

- (a) this Agreement may be assigned in whole or in part by the Shareholder (upon notice to the Corporation) to any Affiliate of the Shareholder to whom any Common Shares are transferred in compliance with any and all applicable Transfer Restrictions to which the transferring Party is subject. Upon the permitted transferee(s) or assignee(s) executing an instrument in writing agreeing to be bound by this Agreement, the transferee(s) or assignee(s) will be entitled to its benefit and be bound by all of its terms as if it were an original signatory hereto and shall be considered the Shareholder for the purposes of this Agreement, provided that if any Person who was a permitted transferee ceases to be an Affiliate of the Shareholder, such Person shall cease to have any rights or obligations under this Agreement; and
- (b) in the event the Common Shares are converted, reclassified, exchanged or otherwise changed pursuant to a reorganization, amalgamation, merger, arrangement or other form of business combination, this Agreement may be assigned in whole by the Corporation (and the Corporation covenants and agrees to use its commercially reasonable efforts to assign this Agreement) to its successor pursuant to, or in connection with, any such transaction.

4.4 Term and Termination

This Agreement will continue in force until the earliest of the following to occur:

- (a) 11:59 p.m. (Calgary time) on the date that is 60 months following the date of this Agreement;
- (b) the date on which this Agreement is terminated by the written agreement of the Parties;
- (c) the first date on which the Shareholder ceases to, directly or indirectly, beneficially own, in aggregate, more than 5% of the then-outstanding Common Shares; and
- (d) the date on which the Standstill Agreements are terminated.

4.5 Notices

All notices required or permitted pursuant to the terms of this Agreement shall be in writing and shall be given by personal delivery or facsimile or electronic mail transmittal during normal business hours on any Business Day to the address for the Shareholder or the Corporation, as applicable, as set forth below. Any such notice or other communication given hereunder shall, if personally delivered or sent by facsimile or electronic mail transmittal (with confirmation received), be conclusively deemed to have been given or made and received on the day of delivery or facsimile or electronic mail transmittal (as the case may be) if such delivery or facsimile or electronic mail transmittal occurs during normal business hours of the recipient on a Business Day and if not so delivered or transmitted during normal business hours on a Business Day, then on the next Business Day following the day of delivery or transmittal. The Parties hereto may give from time to time written notice of change of address in the manner aforesaid.

Notices shall be provided:

- (a) if to the Shareholder

Hutchison Whampoa Europe Investments S.à r.l.
7, Rue du Marché-aux-Herbes
L-1728 Luxembourg
Grand Duchy of Luxembourg

Attention: [*Notice Information Redacted.*]

with a copy to (which shall not constitute notice):

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario, M5L 1B9

Attention: Elizabeth Breen/John Ciardullo/J.R. Laffin
Email: ebreen@stikeman.com/jciardullo@stikeman.com/jrlaffin@stikeman.com

- (b) if to the Corporation:

Cenovus Energy Inc.
4100, 225 – 6 Ave SW
Calgary, Alberta T2P 0M5

Attention: [*Notice Information Redacted.*]

E-mail: [*Email Address Redacted.*]

with a copy to (which shall not constitute notice):

Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: John Piasta

Facsimile: (403) 265-7219
E-mail: piastaj@bennettjones.com

4.6 Third Party Beneficiaries

Except in relation to the assignees contemplated in Section 4.3, this Agreement is not intended to confer any rights, remedies, obligations or liabilities upon any Person other than the Parties to this Agreement and their respective successor or permitted assigns.

4.7 Costs

All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the Party incurring such fee, cost or expense, whether or not the transactions contemplated hereunder are completed.

4.8 Governing Law and Attornment

The provisions of this Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Any legal actions or proceedings with respect to this Agreement shall be brought in the courts of the Province of Alberta. Each Party hereby attorns to and accepts the jurisdiction of such courts.

4.9 Waivers

No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, such waiver shall be limited to the specific breach waived.

4.10 Time of Essence

Time is of the essence in respect of this Agreement.

4.11 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements among the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory with respect to the subject matter hereof among the Parties, other than as expressly set forth in this Agreement.

4.12 Enurement

This Agreement will be binding upon and enure to the benefit of the Parties to this Agreement and their respective successors and permitted assigns from time to time.

4.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

4.14 Facsimile Execution

Execution and delivery of this Agreement may be effected by any Party by facsimile or other electronic transmission of the execution page hereof to the other Parties, and such facsimile or other electronic copy will be legally effective to create a valid and binding agreement between the Parties.

[remainder of page intentionally left blank – signature page follows]

IN WITNESS WHEREOF the undersigned parties have executed this Pre-Emptive Rights Agreement as of the date first written above.

CENOVUS ENERGY INC.

By: (signed) "Alex J. Pourbaix"
Name: Alex J. Pourbaix
Title: President & Chief Executive Officer
By: (signed) "Jonathan M. McKenzie"
Name: Jonathan M. McKenzie
Title: Executive Vice-President & Chief
Financial Officer

**HUTCHISON WHAMPOA EUROPE
INVESTMENTS S.À R.L.**

By: (signed) "Neil McGee"
Name: Neil McGee
Title: Manager

Signature Page – Pre-Emptive Rights Agreement

CENOVUS ENERGY INC.

- and -

L.F. INVESTMENTS S.À R.L.

PRE-EMPTIVE RIGHTS AGREEMENT

January 1, 2021

PRE-EMPTIVE RIGHTS AGREEMENT

THIS PRE-EMPTIVE RIGHTS AGREEMENT (this "Agreement") is made as of January 1, 2021

BETWEEN:

CENOVUS ENERGY INC., a corporation existing under the laws of Canada (the "Corporation")

- and -

L.F. INVESTMENTS S.À R.L., a *société à responsabilité limitée* existing under the laws of Luxembourg (the "Shareholder")

WHEREAS the Corporation and Husky Energy Inc. ("**Husky**") completed on the date hereof an arrangement under section 193 of the *Business Corporations Act* (Alberta) involving, among others, Husky, the Corporation and the shareholders of Husky ("**Arrangement**") pursuant to an arrangement agreement dated October 24, 2020 (the "**Arrangement Agreement**");

AND WHEREAS the Arrangement Agreement contemplated, among other things, that the Corporation shall, if requested in writing on or prior to the effective date of the Arrangement (the "**Effective Date**") by a beneficial holder holding more than 5% of the outstanding Common Shares (as defined herein) immediately after the consummation of the Arrangement, cause to be executed and delivered a pre-emptive rights agreement between the Corporation and such beneficial holder in the form attached to the Arrangement Agreement;

AND WHEREAS the Shareholder has requested that the Corporation enter into this Agreement, and has delivered evidence satisfactory to the Corporation that, on the Effective Date, the Shareholder is a beneficial holder of more than 5% of the outstanding Common Shares immediately after the consummation of the Arrangement and, in reliance thereof, the Corporation has agreed to enter into this Agreement with the Shareholder;

NOW THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties (as defined herein)), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "**Affiliate**" means as follows: a Person (first Person) is considered to be an Affiliate of another Person (second Person) if the first Person: (i) Controls the second Person, or (ii) is Controlled by the second Person, or (iii) is Controlled by another Person that Controls, directly or indirectly, the second Person;
 - (b) "**Applicable Securities Laws**" means (i) collectively, the securities acts or similar statutes of each of the provinces and territories of Canada and the respective rules and regulations under such laws,
-

together with applicable published national, multilateral and local policy statements, instruments, notices and blanket orders of the provinces and territories of Canada and all rules, by-laws and regulations governing the Toronto Stock Exchange; and (ii) federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, and all rules, by-laws and regulations governing the New York Stock Exchange;

- (c) **"Bought Deal"** means a fully underwritten offering on a bought deal basis pursuant to which an underwriter has, or underwriters have, committed to purchase Common Shares or Convertible Securities of the Corporation pursuant to a "bought deal" letter prior to the filing of a prospectus under applicable Canadian securities laws;
- (d) **"Business Day"** means any day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday or Sunday or statutory holiday in Alberta;
- (e) **"Common Shares"** means the common shares in the capital of the Corporation and includes any shares of the Corporation into which such common shares may be converted, reclassified, subdivided, consolidated, exchanged or otherwise changed, whether pursuant to a reorganization, amalgamation, merger, arrangement or other form of reorganization;
- (f) **"Control"** means as follows: a Person (first Person) is considered to Control another Person (second Person) if:
 - (i) the first Person beneficially owns, or controls or directs, securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors of the second Person unless that first person holds the voting securities only to secure an obligation;
 - (ii) the second Person is a partnership, other than a limited partnership, and the first Person directly or indirectly holds more than 50% of the interests of the partnership; or
 - (iii) the second Person is a limited partnership and the first Person is the general partner of the limited partnership;
- (g) **"Convertible Securities"** means any equity securities, rights, options, warrants or other convertible securities which in each case represent rights to purchase Common Shares;
- (h) **"Exempt Issuances"** means any issuance or sale of Subject Securities to which the Pre-emptive Right does not apply pursuant to paragraphs (a)-(d) of Section 2.3;
- (i) **"Follow-On Offering"** shall have the meaning set out in Section 2.2(c);
- (j) **"Governmental Authority"** means any stock exchange or any court, tribunal or judicial or arbitral body or other governmental department, regulatory agency or body, commission, board, bureau, agency, or instrumentality of Canada or the United States, or of any country, state, province, territory, county, municipality, city, town or other political jurisdiction, whether domestic or foreign and whether now or in the future constituted or existing;
- (k) **"Offering"** shall have the meaning set out in Section 2.1(a);
- (l) **"Offering Convertible Securities"** means Convertible Securities issued or sold pursuant to an Offering so long as the Shareholder was provided an Offer Notice in respect of such Offering or

the Corporation has complied with its obligations in respect of a Follow-On Offering as contemplated in Section 2.2(c);

- (m) **"Parties"** means, the Corporation, the Shareholder and their respective successors and permitted assigns hereunder, and **"Party"** means any one of them;
- (n) **"Person"** means any individual, partnership, limited partnership, limited liability partnership, limited or unlimited liability company or corporation, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal personal representative or governmental authority or entity however designated or constituted;
- (o) **"Registration Rights Agreement"** an agreement with any Person that constitutes a "Registration Rights Agreement" as defined in the Arrangement Agreement;
- (p) **"Shareholder Pro Rata Interest"** means, as at any date, the aggregate interest of the Shareholder and its Affiliates calculated as that fraction, expressed as a percentage:
 - (i) the numerator of which shall be the number of Common Shares which the Shareholder beneficially owns or controls or directs at the relevant date, and
 - (ii) the denominator of which shall be the then-outstanding Common Shares;
- (q) **"Standstill Agreements"** means the standstill agreements entered into between the Supporting Husky Shareholders and the Corporation, dated as of October 24, 2020;
- (r) **"Supporting Husky Shareholders"** means Hutchison Whampoa Europe Investments S.à r.l. and L.F. Investments S.à r.l.; and
- (s) **"Transfer Restrictions"** means any restrictions or conditions on the transfer of Common Shares by the Shareholder pursuant to any Applicable Securities Laws, any order or requirement of a Governmental Authority, or any written agreement between the Shareholder and the Corporation;

1.2 Headings for Reference Only

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Construction and Interpretation

- (a) If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party because of the authorship of any provision of this Agreement.
- (b) Where this Agreement states that a Party **"will"**, **"must"** or **"shall"** perform in some manner or otherwise act or omit to act, it means that such Party is legally obligated to do so in accordance with this Agreement.
- (c) The terms **"hereof"**, **"herein"**, **"hereunder"**, **"hereto"** and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent

therewith, references herein to Articles, Sections, subsections, paragraphs and subparagraphs are to Articles, Sections, subsections, paragraphs and subparagraphs of this Agreement.

- (d) For the purposes of this Agreement, the term "**then-outstanding Common Shares**" shall mean the actual number of outstanding Common Shares at any such time.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

All sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted.

ARTICLE 2 PRE-EMPTIVE RIGHTS

2.1 Pre-emptive Right

- (a) Subject to Section 2.3, if the Corporation proposes to issue or sell (each, an "**Offering**") any Common Shares or Convertible Securities (collectively, "**Subject Securities**"), then the Shareholder shall be entitled and have the right and option (but shall not be required) to concurrently purchase or acquire up to such number of Subject Securities as would allow the Shareholder to maintain its Shareholder Pro Rata Interest in the then-outstanding Common Shares at the level of its Shareholder Pro Rata Interest immediately prior to such Offering (the "**Pre-emptive Right**") (after giving effect to any Subject Securities acquired by the Shareholder as part of the Offering and, solely for purposes of calculating the Shareholder Pro Rata Interest in this Section 2.1(a), in the event the Subject Securities subject to the Pre-emptive Right are Convertible Securities, the number of Common Shares underlying such Convertible Securities issued or to be issued pursuant to such Offering shall be included in the then-outstanding Common Shares).
- (b) The purchase by the Shareholder of any such Subject Securities shall be at the same price per Subject Security and otherwise be on economic terms and conditions that are no less favourable, individually or in the aggregate, to the Shareholder than the terms and conditions are to any purchaser in such Offering.
- (c) For greater certainty, no Subject Securities will be issued or sold by the Corporation at any time after the date hereof except in compliance with this Article 2.

2.2 Pre-emptive Right Notice

- (a) Subject to Section 2.2(c), the Corporation shall use commercially reasonable efforts to provide the Shareholder with written notice of any Offering no later than five (5) Business Days (or, in the case of a Bought Deal, the Corporation shall have provided such notice to the Shareholder as promptly as practicable in the circumstances having regard to the time periods typical for a transaction of such nature, but in no case less than two (2) Business Days) prior to the public announcement of the Offering (or, if no announcement, in any event no later than ten (10) Business Days prior to the consummation of such Offering) (the "**Offer Notice**").
 - (i) The Offer Notice shall state that the Corporation is proposing to issue Subject Securities and shall set out the material terms of the proposed Offering, including (A) the proposed

number and terms of the Subject Securities to be issued or sold, (B) the purchase price thereof, (C) the proposed closing date for the issuance of Subject Securities to the Shareholder, assuming exercise of the Pre-emptive Right by the Shareholder, which closing date shall be: (x) in the case of a Bought Deal, the closing date of the Bought Deal financing; (y) in any other case, at least ten (10) Business Days following the date on which the Shareholder receives such Offer Notice; or (z) such other date as the Parties may agree, and (D) any other material terms and conditions of such Offering. In the event that the Offer Notice is being delivered in connection with a proposed best-efforts or fully underwritten public offering through an agent or underwriter, the Offer Notice may state that the actual price per Subject Security being offered by the Corporation shall be the offering price to be agreed upon by the Corporation in the agency agreement, bid letter or underwriting agreement, as the case may be, relating to the Offering.

- (ii) The Offer Notice shall specify a deadline by which the Shareholder must deliver to the Corporation a written notice (the "**Notice of Exercise**") of its election to purchase all or any portion of the Subject Securities to which it is entitled to pursuant to the Pre-emptive Right. The Shareholder shall be deemed to have declined and to have waived its rights to acquire any Subject Securities under Section 2.1 if it does not deliver a Notice of Exercise by such deadline. Such deadline shall be no earlier than five (5) Business Days (or, in the case of a Bought Deal, no earlier than two (2) Business Days) after the Shareholder receives or is deemed to receive the Offer Notice in accordance with the terms hereof. If the Offer Notice is delivered in connection with a proposed best-efforts or fully underwritten public offering through an agent or underwriter, the Shareholder shall specify the maximum price or a range of prices per Subject Security at which the Shareholder will exercise its right to subscribe for or purchase Subject Securities pursuant to its Pre-emptive Right (provided that the Notice of Exercise may specify more than one maximum price per Subject Security together with the corresponding maximum number of Subject Securities to be subscribed for or purchased at each such maximum price).
 - (iii) If the Shareholder delivers a Notice of Exercise stating that it wishes to purchase Subject Securities pursuant to the Offering, the Corporation shall, subject to Section 2.2(b), be obligated to sell and issue to the Shareholder, and the Shareholder shall be obligated to purchase from the Corporation, that number of Subject Securities specified by the Shareholder in the Notice of Exercise concurrently with the completion of the Offering.
 - (iv) If the Shareholder does not deliver a Notice of Exercise in accordance with this Agreement, the Corporation shall be entitled within a period of 45 calendar days following the deadline to receive a Notice of Exercise to complete the proposed Offering on the terms and conditions contained in the Offer Notice. If no such Offering is completed within such 45 calendar day period, the Corporation will be required to again comply with the provisions of this Section 2.2(a).
 - (v) The election by the Shareholder not to exercise its Pre-emptive Right in any one instance shall not affect its right as to any subsequent proposed Offering.
- (b) If, following delivery of an Offer Notice in respect of an Offering pursuant to this Section 2.2, fewer Subject Securities are issued or sold pursuant to such Offering than were specified in such Offer Notice:
- (i) the Corporation will not be required to send an amended Offer Notice to the Shareholder prior to completing such Offering; and

- (ii) the Corporation may, at its option, elect to reduce the allocation of Subject Securities to be issued to the Shareholder on closing of such Offering to such number of Subject Securities that would allow the Shareholder to maintain its Shareholder Pro Rata Interest in the then-outstanding Common Shares at the level of its Shareholder Pro Rata Interest immediately prior to such Offering, calculated in accordance with Section 2.1.
- (c) If: (i) the Corporation does not deliver an Offer Notice to the Shareholder in advance of an Offering as contemplated in Section 2.2(a); (ii) the Corporation has used its commercially reasonable efforts to obtain a waiver or consent in order to provide such Offer Notice but the Corporation is nevertheless not permitted to provide such Offer Notice due to a confidentiality or similar agreement; or (iii) the Corporation has used its commercially reasonable efforts to deliver an Offer Notice but it is impracticable for the Corporation to do so, the Corporation shall: (A) when no longer prohibited, promptly notify the Shareholder of such fact; and (B) at the option of the Shareholder, use its commercially reasonable efforts to, as soon as reasonably practicable following such Offering, complete a follow-on issue or sale (a "**Follow-On Offering**") of the Subject Securities issued or sold pursuant to such Offering in order for the Shareholder to purchase from the Corporation at the same price per Subject Security and otherwise be on economic terms and conditions that are no less favourable, individually or in the aggregate, to the Shareholder than the terms and conditions are to any purchaser in such Offering up to such number of Subject Securities as would allow the Shareholder to maintain its Shareholder Pro Rata Interest in the then-outstanding Common Shares at the level of its Shareholder Pro Rata Interest immediately prior to such Offering (after giving effect to any Common Shares or Convertible Securities acquired by the Shareholder as part of such Follow-On Offering and, solely for purposes of calculating the Shareholder Pro Rata Interest in this Section 2.2(c), the number of Common Shares underlying Convertible Securities issued or to be issued pursuant to such Follow-On Offering shall be included in the then-outstanding Common Shares). Any securities issued pursuant to a Follow-On Offering shall, for the purposes of this Agreement and any Registration Rights Agreement be deemed to have been issued pursuant to a Pre-emptive Right.

2.3 Pre-emptive Right Exclusions

The Corporation shall not be obligated to deliver an Offer Notice or to otherwise comply with its obligations under Sections 2.1 or 2.2, and the Pre-emptive Right shall not apply to:

- (a) any Subject Securities that are to be issued or sold for purposes of director, officer, employee or consultant incentive plans, employee share ownership programs or similar plans or programs, in each case, that have been approved by the board of directors of the Corporation, including the issuance of any Common Shares on the exercise, conversion or settlement of such Subject Securities;
- (b) any Subject Securities that are to be issued in connection with a dividend reinvestment plan of the Corporation in effect from time to time;
- (c) any Subject Securities that are to be issued or sold to satisfy existing instruments issued by the Corporation or its Affiliates as of the date of this Agreement (including for greater certainty, the Shareholder Rights Plan of the Corporation in effect from time to time);
- (d) any Subject Securities that are to be issued or sold upon the exercise, exchange or conversion of any Offering Convertible Securities; or
- (e) any Subject Securities that are to be issued or sold to any third party seller pursuant to any corporate transaction, such as a merger, amalgamation, arrangement or take-over bid, or share or asset

purchase, or similar transactions, where Subject Securities are used to fund all or a portion of the applicable transaction price.

2.4 Applicable Securities Laws

The Parties acknowledge that the issuance, sale and resale of Subject Securities are subject to Applicable Securities Laws which may impose restrictions on the issuance, sale and resale of the securities acquired by the Shareholder hereunder. In particular, the Parties acknowledge that the transactions contemplated pursuant to this Article 2 may be subject to Applicable Securities Laws regarding "related party transactions". Notwithstanding anything else in this Agreement, the Parties agree that, if as a result of complying with such securities laws, the time periods provided herein cannot be practicably complied with, such time periods shall be deemed not to apply to the applicable transaction and the Parties shall use commercially reasonable efforts to complete the transactions contemplated and intended to be carried out herein in as expeditious a manner as is practicable in order to comply with such Applicable Securities Laws.

2.5 No Obligation to Subscribe

The Shareholder shall have no obligation to subscribe for any Subject Securities, except for the Subject Securities specified in any Notice of Exercise delivered by the Shareholder to the Corporation.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of the Corporation

The Corporation represents and warrants to the Shareholder that:

- (a) it has the requisite corporate power and capacity to enter into and deliver this Agreement and to perform its obligations hereunder;
- (b) all necessary action has been taken by or on behalf of the Corporation to authorize the execution, delivery and performance of this Agreement, and this Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and legally binding obligation of the Corporation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court; and
- (c) neither the entering into nor the delivery of this Agreement by the Corporation nor the performance by the Corporation of its obligations hereunder will result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under: (i) any provisions of the articles or by-laws or other constating documents of the Corporation; (ii) any of the resolutions of the board of directors of the Corporation or the shareholders of the Corporation; (iii) any agreement or other instrument to which the Corporation is a party or by which it is bound; or (iv) any applicable laws.

3.2 Representations and Warranties of the Shareholder

The Shareholder represents and warrants to the Corporation that:

- (a) it has the requisite corporate power and capacity to enter into and deliver this Agreement and to perform its obligations hereunder;

- (b) all necessary action has been taken by or on behalf of it to authorize the execution, delivery and performance of this Agreement, and this Agreement has been duly authorized, executed and delivered by it and constitutes a valid and legally binding obligation of it, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court; and
- (c) neither the entering into nor the delivery of this Agreement by it nor the performance by it of its obligations hereunder will result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under: (i) any provisions of its articles, by-laws, partnership or trust agreement or other constating documents, as applicable; (ii) any of the resolutions of its board of directors, general partner, trustee or similar body, or its securityholders, partners or beneficiaries, as applicable; (iii) any agreement or other instrument to which it is a party or by which it is bound; or (iv) any applicable laws; and
- (d) the Shareholder is a beneficial holder of more than 5% of the outstanding Common Shares.

3.3 Covenants of the Shareholder

- (a) The Shareholder covenants to the Corporation that, upon the reasonable request by the Corporation in writing, it shall promptly provide the Corporation with evidence satisfactory to the Corporation, acting reasonably, that the Shareholder beneficially holds more than 5% of the then-outstanding Common Shares.
- (b) If the Shareholder elects to exercise the Pre-emptive Right in connection with an Offering, the Shareholder consents to the Corporation and/or its agents or underwriters disclosing any such details in respect of the Shareholder and/or its participation in such Offering that are required to be disclosed under applicable law (including Applicable Securities Laws) in any materials, disclosure or other offering documents prepared by the Corporation and/or its agents or underwriters in connection with the announcement, marketing or distribution of the Subject Securities pursuant to such Offering.

ARTICLE 4 GENERAL PROVISIONS

4.1 Further Assurances

Each of the Parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and will use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement, in each case at such Party's own cost and expense (except as otherwise explicitly addressed in this Agreement).

4.2 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

4.3 Assignment

This Agreement may not be assigned by either Party without the prior written consent of the other Party, except that:

- (a) this Agreement may be assigned in whole or in part by the Shareholder (upon notice to the Corporation) to any Affiliate of the Shareholder to whom any Common Shares are transferred in compliance with any and all applicable Transfer Restrictions to which the transferring Party is subject. Upon the permitted transferee(s) or assignee(s) executing an instrument in writing agreeing to be bound by this Agreement, the transferee(s) or assignee(s) will be entitled to its benefit and be bound by all of its terms as if it were an original signatory hereto and shall be considered the Shareholder for the purposes of this Agreement, provided that if any Person who was a permitted transferee ceases to be an Affiliate of the Shareholder, such Person shall cease to have any rights or obligations under this Agreement; and
- (b) in the event the Common Shares are converted, reclassified, exchanged or otherwise changed pursuant to a reorganization, amalgamation, merger, arrangement or other form of business combination, this Agreement may be assigned in whole by the Corporation (and the Corporation covenants and agrees to use its commercially reasonable efforts to assign this Agreement) to its successor pursuant to, or in connection with, any such transaction.

4.4 Term and Termination

This Agreement will continue in force until the earliest of the following to occur:

- (a) 11:59 p.m. (Calgary time) on the date that is 60 months following the date of this Agreement;
- (b) the date on which this Agreement is terminated by the written agreement of the Parties;
- (c) the first date on which the Shareholder ceases to, directly or indirectly, beneficially own, in aggregate, more than 5% of the then-outstanding Common Shares; and
- (d) the date on which the Standstill Agreements are terminated.

4.5 Notices

All notices required or permitted pursuant to the terms of this Agreement shall be in writing and shall be given by personal delivery or facsimile or electronic mail transmittal during normal business hours on any Business Day to the address for the Shareholder or the Corporation, as applicable, as set forth below. Any such notice or other communication given hereunder shall, if personally delivered or sent by facsimile or electronic mail transmittal (with confirmation received), be conclusively deemed to have been given or made and received on the day of delivery or facsimile or electronic mail transmittal (as the case may be) if such delivery or facsimile or electronic mail transmittal occurs during normal business hours of the recipient on a Business Day and if not so delivered or transmitted during normal business hours on a Business Day, then on the next Business Day following the day of delivery or transmittal. The Parties hereto may give from time to time written notice of change of address in the manner aforesaid.

Notices shall be provided:

- (a) if to the Shareholder

L.F. Investments S.à r.l.
9-11 Grand Rue
L-1661 Luxembourg
Grand Duchy of Luxembourg

Attention: [*Notice Information Redacted.*]

with a copy to (which shall not constitute notice):

Marvin Yontef, Esq.

Email: myontef@outlook.com

- (b) if to the Corporation:

Cenovus Energy Inc.
4100, 225 – 6 Ave SW
Calgary, Alberta T2P 0M5

Attention: [*Notice Information Redacted.*]

E-mail: [*Email Address Redacted.*]

with a copy to (which shall not constitute notice):

Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: John Piasta

Facsimile: (403) 265-7219

E-mail: piastaj@bennettjones.com

4.6 Third Party Beneficiaries

Except in relation to the assignees contemplated in Section 4.3, this Agreement is not intended to confer any rights, remedies, obligations or liabilities upon any Person other than the Parties to this Agreement and their respective successor or permitted assigns.

4.7 Costs

All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the Party incurring such fee, cost or expense, whether or not the transactions contemplated hereunder are completed.

4.8 Governing Law and Attornment

The provisions of this Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Any legal actions or proceedings with respect to this Agreement shall be brought in the courts of the Province of Alberta. Each Party hereby attorns to and accepts the jurisdiction of such courts.

4.9 Waivers

No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, such waiver shall be limited to the specific breach waived.

4.10 Time of Essence

Time is of the essence in respect of this Agreement.

4.11 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements among the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory with respect to the subject matter hereof among the Parties, other than as expressly set forth in this Agreement.

4.12 Enurement

This Agreement will be binding upon and enure to the benefit of the Parties to this Agreement and their respective successors and permitted assigns from time to time.

4.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

4.14 Facsimile Execution

Execution and delivery of this Agreement may be effected by any Party by facsimile or other electronic transmission of the execution page hereof to the other Parties, and such facsimile or other electronic copy will be legally effective to create a valid and binding agreement between the Parties.

[remainder of page intentionally left blank – signature page follows]

IN WITNESS WHEREOF the undersigned parties have executed this Pre-Emptive Rights Agreement as of the date first written above.

CENOVUS ENERGY INC.

By: (signed) "Alex J. Pourbaix"
Name: Alex J. Pourbaix
Title: President & Chief Executive Officer

By: (signed) "Jonathan M. McKenzie"
Name: Jonathan M. McKenzie
Title: Executive Vice-President & Chief
Financial Officer

L.F. INVESTMENTS S.À R.L.

By: (signed) "Richard Chan"
Name: Richard Chan
Title: Director

Signature Page – Pre-Emptive Rights Agreement

CENOVUS ENERGY INC.

- and -

HUTCHISON WHAMPOA EUROPE INVESTMENTS S.À R.L.

REGISTRATION RIGHTS AGREEMENT

January 1, 2021

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is made as of January 1, 2021

BETWEEN:

CENOVUS ENERGY INC., a corporation existing under the laws of Canada (the "**Corporation**")

- and -

HUTCHISON WHAMPOA EUROPE INVESTMENTS S.À R.L., a *société à responsabilité limitée* existing under the laws of Luxembourg (the "**Shareholder**")

WHEREAS the Corporation and Husky Energy Inc. ("**Husky**") completed on the date hereof an arrangement under section 193 of the *Business Corporations Act* (Alberta) involving, among others, Husky, the Corporation and the shareholders of Husky ("**Arrangement**") pursuant to an arrangement agreement dated October 24, 2020 (the "**Arrangement Agreement**");

AND WHEREAS the Arrangement Agreement contemplated, among other things, that the Corporation shall, if requested in writing on or prior to the effective date of the Arrangement (the "**Effective Date**") by a beneficial holder holding more than 5% of the outstanding Common Shares (as defined herein) immediately after the consummation of the Arrangement, cause to be executed and delivered a registration rights agreement between the Corporation and such beneficial holder in the form attached to the Arrangement Agreement;

AND WHEREAS the Shareholder has requested that the Corporation enter into this Agreement, and has delivered evidence satisfactory to the Corporation that, on the Effective Date, the Shareholder is a beneficial holder of more than 5% of the outstanding Common Shares immediately after the consummation of the Arrangement and, in reliance thereof, the Corporation has agreed to enter into this Agreement with the Shareholder;

NOW THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties (as defined herein)), the Parties covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement:

- (a) "**Affiliate**" means as follows: a Person (first Person) is considered to be an Affiliate of another Person (second Person) if the first Person: (i) Controls the second Person, or (ii) is Controlled by the second Person, or (iii) is Controlled by another Person that Controls, directly or indirectly, the second Person;
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- (b) "**Agreement**" means this registration rights agreement, as amended, restated or modified from time to time;
- (c) "**Applicable Securities Laws**" means, collectively, (i) the securities legislation of each of the provinces and territories of Canada, and all rules, regulations, blanket orders, instruments and policies established thereunder or issued by the Canadian Securities Regulatory Authorities, and including the rules and policies of the Toronto Stock Exchange, all as amended from time to time, and (ii) the U.S. Securities Act, the U.S. Exchange Act and all applicable state securities legislation of any state in the United States, in each case with all rules, regulations and orders promulgated thereunder, and including the rules of the New York Stock Exchange, all as amended from time to time; and in all cases as are applicable to the relevant Person at the applicable time;
- (d) "**Arrangement**" has the meaning ascribed thereto in the recitals;
- (e) "**Base Prospectus**" shall have the meaning set out in Section 2.1;
- (f) "**Blackout Period**" means:
 - (i) the Corporation's regular annual and quarterly blackout periods as provided in the Disclosure Policy, which currently begin on the fourteenth day before the proposed release of the year-end or fiscal quarter financial results or budget information and end two full trading days after financial results or budget information are publicly disclosed; and
 - (ii) any other bona fide blackout periods designated by the Committee pursuant to and in conformity with the Disclosure Policy,

provided that, subject to the right of the Corporation in its sole discretion, at any time and from time to time, to modify the allocation of days on a one-for-one basis as between clause (1) and (2) following, by up to an aggregate of five days in respect of each Registration Year, subject always to a maximum of 160 days for all blackout periods in each Registration Year, (1) the aggregate number of days subject to blackout periods under subsection 1.1(f)(i) shall not exceed 75 days during any Registration Year, and (2) the aggregate number of days subject to blackout periods under subsection 1.1(f)(ii) shall not exceed 75 days during any Registration Year;

- (g) "**Board of Directors**" or "**Board**" means the board of directors of the Corporation;
- (h) "**Business Day**" means any day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday or Sunday or statutory holiday in Alberta;
- (i) "**Canadian Base Prospectus**" shall have the meaning set out in Section 2.1;
- (j) "**Canadian Securities Regulatory Authorities**" means the securities regulatory authorities in each of the provinces and territories of Canada;
- (k) "**Committee**" means the Corporation's disclosure committee established by the Board to oversee the Corporation's disclosure policy practices, as described in the Disclosure Policy;

- (l) "**Common Shares**" means the common shares in the capital of the Corporation and includes any shares of the Corporation into which such shares may be converted, reclassified, subdivided, consolidated, exchanged or otherwise changed, whether pursuant to a reorganization, amalgamation, merger, arrangement or other form of reorganization;
- (m) "**Control**" means as follows: a Person (first Person) is considered to Control another Person (second Person) if:
 - (i) the first Person beneficially owns, or controls or directs, securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors (or the equivalent) of the second Person unless that first person holds the voting securities only to secure an obligation;
 - (ii) the second Person is a partnership, other than a limited partnership, and the first Person directly or indirectly holds more than 50% of the interests of the partnership; or
 - (iii) the second Person is a limited partnership and the first Person is the general partner of the limited partnership;
- (n) "**Corporation**" means Cenovus Energy Inc. and any corporation resulting from the amalgamation, combination or merger of Cenovus Energy Inc. with another corporation or other corporations, any purchaser of all or substantially all of the assets of Cenovus Energy Inc., and any entity into which Cenovus Energy Inc. converts;
- (o) "**Corresponding RRA**" means an agreement in the form of this Agreement with any Person that constitutes a "Registration Rights Agreement" as defined in the Arrangement Agreement;
- (p) "**Demand Holder**" shall have the meaning set out in subsection 2.2(a);
- (q) "**Demand Registrable Securities**" shall have the meaning set out in subsection 2.2(a);
- (r) "**Demand Registration**" shall have the meaning set out in subsection 2.2(a);
- (s) "**Designated Registrable Securities**" means Demand Registrable Securities or Piggy Back Registrable Securities, as the case may be;
- (t) "**Disclosure Policy**" means the Corporation's Policy on Disclosure, Confidentiality and Employee Trading dated December 1, 2015, as such policy may be amended, supplemented or replaced from time to time;
- (u) "**Distribution Period**" shall have the meaning set out in subsection 3.1(d);
- (v) "**Existing RRA**" means that certain Registration Rights Agreement dated as of May 17, 2017 between the Corporation and ConocoPhillips Company, as in effect on the date of the Arrangement Agreement;
- (w) "**Governmental Authority**" means any stock exchange or any court, tribunal or judicial or arbitral body or other governmental department, regulatory agency or body, commission, board, bureau, agency, or instrumentality of Canada or the United States, or

of any country, state, province, territory, county, municipality, city, town or other political jurisdiction, whether domestic or foreign and whether now or in the future constituted or existing;

- (x) **"Holder"** means: (i) as of the date hereof, the Shareholder; and (ii) at any time after the date hereof, the Shareholder and any Affiliate to which the Shareholder (or a permitted transferee thereof) has transferred Registrable Securities in compliance with any and all applicable Transfer Restrictions and assigned this Agreement in accordance with Section 5.3;
- (y) **"misrepresentation"** means (i) an untrue statement of material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading;
- (z) **"Non-Base Prospectus"** means a Canadian Prospectus on Form 44-101F1 pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions*, or in the event the Corporation is no longer eligible to use Form 44-101F1, Form 41-101F1 pursuant to National Instrument 41-101 - *General Prospectus Requirements* and/or a Registration Statement under the U.S. Securities Act on Form F-10 or such successor form or, if the Corporation is no longer eligible to use Form F-10 or such successor form, such other form as the Corporation shall be eligible to use to register the Registrable Securities;
- (aa) **"Parties"** means, the Corporation, each Holder and their respective successors and permitted assigns hereunder, and **"Party"** means any one of them;
- (bb) **"Person"** means any individual, partnership, limited partnership, limited liability partnership, limited or unlimited liability company or corporation, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal personal representative or Governmental Authority or entity, however designated or constituted;
- (cc) **"Piggy Back Registrable Securities"** shall have the meaning set out in subsection 2.2(f);
- (dd) **"Piggy Back Registration"** shall have the meaning set out in subsection 2.2(f);
- (ee) **"Pre-emptive Right"** has the meaning given to it in the Pre-Emptive Rights Agreement;
- (ff) **"Pre-Emptive Rights Agreement"** means the pre-emptive rights agreement to be entered into between the Shareholder and the Corporation on the date hereof;
- (gg) **"Proposed Prospectus Filing Date"** means the date on which the Corporation plans, or the Demand Holder requests, as applicable, for such distribution to file a Prospectus Supplement;
- (hh) **"Prospectus"** means, collectively, a Base Prospectus and a Prospectus Supplement to such Base Prospectus;
- (ii) **"Prospectus Supplement"** means, as applicable, a prospectus supplement to the Canadian Base Prospectus, a supplement to the prospectus contained in the Registration Statement

and/or an amendment to the Registration Statement containing a prospectus supplement, in each case relating to the distribution of Registrable Securities;

- (jj) **"Registrable Securities"** means: (i) the 316,927,050 Common Shares beneficially owned by the Shareholder on the date hereof, including for certainty all Common Shares issued to the Shareholder pursuant to the Arrangement, and which may be held by other Holders upon a transfer of such Common Shares and corresponding assignment of this Agreement to other Holders in accordance with Section 5.3; (ii) any Common Shares that may be acquired by a Holder pursuant to an exercise of Warrants distributed to the Shareholder pursuant to the Arrangement; (iii) any Common Shares that may be acquired by a Holder pursuant to a Pre-emptive Right or any Common Shares that may be acquired by a Holder pursuant to an exercise of Convertible Securities (as defined in the Pre-Emptive Rights Agreement) acquired by a Holder pursuant to a Pre-emptive Right; (iv) any Common Shares or other securities of the Corporation issued as a dividend, distribution, exchange, share split, recapitalization, or other corporate event in respect of such Common Shares or Warrants; and (v) any Warrants, if and only if, such number of Warrants is less than or equal to the number of other Registrable Securities under (i)-(iv) above proposed to be included in the Secondary Registration;
- (kk) **"Registration"** means the qualification or registration, as applicable, of securities (or the distributions thereof) under Applicable Securities Laws so as to permit the distribution of such securities to the public in any or all of the provinces and territories of Canada and in the United States, in each case subject to the limitations contained herein;
- (ll) **"Registration Expenses"** means the expenses incurred in connection with the distribution of the Registrable Securities pursuant to this Agreement comprised of:
- (i) all fees, disbursements and expenses payable to not more than one Canadian and one U.S. counsel to the Holders (on an aggregate basis);
 - (ii) all fees, disbursements and expenses of counsel and auditors to the Corporation;
 - (iii) all expenses in connection with the preparation, translation, printing and filing of any preliminary prospectus, prospectus, prospectus supplement, registration statement, including the Prospectus, the Prospectus Supplement and the Registration Statement, or any other offering document and any amendments and supplements thereto and the mailing and delivering of copies thereof to any underwriters and dealers;
 - (iv) all registration and filing fees of any Canadian Securities Regulatory Authority, of the SEC and of any other Governmental Authority, including FINRA filing fees;
 - (v) all transfer agents', depositaries' and registrars' fees;
 - (vi) all expenses relating to the preparation of certificates;
 - (vii) all fees and expenses of any securities exchange on which the Common Shares are then listed;
 - (viii) all fees and expenses of printing and producing any agreements among underwriters, underwriting agreements, "blue sky" or legal investment

memoranda, and any selling agreements or other documents in connection with the sale of Registrable Securities;

- (ix) all expenses of the Corporation relating to any analyst or investor presentations and any marketing activities and all travel and lodging expenses of the Corporation in connection with such presentations and marketing activities; and
- (x) any fees and expenses of the underwriters, other than Selling Expenses, customarily paid by issuers or sellers of securities, but shall not include any Selling Expenses;
- (mm) "**Registration Statement**" shall have the meaning set out in Section 2.1;
- (nn) "**Registration Year**" means each consecutive 365-day period during the term of this Agreement, with the first Registration Year commencing on the date hereof;
- (oo) "**Representatives**" means, with respect to any Person, any of such Person's directors, officers, employees, consultants, advisors, agents or other Person acting on behalf of the first Person;
- (pp) "**SEC**" means the United States Securities and Exchange Commission;
- (qq) "**Secondary Registration**" means a Piggy Back Registration or a Demand Registration, as the case may be;
- (rr) "**Selling Expenses**" means any fees or commissions payable, or discounts granted, to an underwriter, investment banker, manager or agent in connection with the distribution of the Registrable Securities or other Common Shares pursuant to this Agreement and any transfer taxes attributable to a sale of Registrable Securities or other Common Shares pursuant to this Agreement;
- (ss) "**Standstill Agreements**" means the standstill agreements entered into between the Supporting Husky Shareholders and the Corporation, dated as of October 24, 2020;
- (tt) "**Supporting Husky Shareholders**" means Hutchison Whampoa Europe Investments S.à r.l. and L.F. Investments S.à r.l.;
- (uu) "**Transfer Restrictions**" means any restrictions or conditions on the transfer of Registrable Securities by a Holder pursuant to any Applicable Securities Laws, any order or requirement of a Governmental Authority, or any agreement between the Holder and the Corporation;
- (vv) "**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and all rules, regulations and orders promulgated thereunder;
- (ww) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and all rules, regulations and orders promulgated thereunder;
- (xx) "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia; and

(yy) "**Warrants**" means the share purchase warrants of the Corporation issued on the date hereof pursuant to the Arrangement, each having an exercise price of \$6.54 and a five-year term (subject to adjustment in certain circumstances).

1.2 Headings for Reference Only

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Construction and Interpretation

The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party because of the authorship of any provision of this Agreement.

Words importing the singular number only shall include the plural and vice versa (including, for certainty, with respect to the defined terms Holders and Holder). Words importing gender shall include all genders. If a word is defined in this Agreement, a grammatical derivative of that word will have a corresponding meaning. Where the word "**including**" or "**includes**" is used in this Agreement it means "**including without limitation**" or "**includes without limitation**", respectively. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

A reference herein to any statute includes every regulation (and other similar ancillary instrument having the force of law) made pursuant thereto, all amendments to the statute or to any such regulation (or other similar ancillary instrument) in force from time to time, and any statute or regulation (or other similar ancillary instrument) which supplements or supersedes such statute or regulation (or other similar ancillary instrument); and a reference to any section or provision of a statute includes all amendments to such section or provision, as made from time to time, and all sections or provisions which supplement or supersede such section or provision referred to herein.

Where this Agreement states that a Party "**will**", "**must**" or "**shall**" perform in some manner or otherwise act or omit to act, it means that such Party is legally obligated to do so in accordance with this Agreement.

The terms "**hereof**", "**herein**", "**hereunder**", "**hereto**" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections, subsections, paragraphs and subparagraphs are to Articles, Sections, subsections, paragraphs and subparagraphs of this Agreement.

For the purposes of this Agreement, the number of "**then-outstanding Common Shares**" shall be equal to the actual number of outstanding Common Shares at such time.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

All sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted.

ARTICLE 2 **REGISTRATION RIGHTS**

2.1 Filing and Maintenance of Base Prospectus

- (a) At all times after the date that is 18 months after the Effective Date, the Corporation shall maintain a short form base shelf prospectus (the "**Canadian Base Prospectus**") filed with the Canadian Securities Regulatory Authorities and a registration statement on Form F-10 or such successor form or, if the Corporation is no longer eligible to use Form F-10 or such successor form, such other form as the Corporation shall be eligible to use to register the Registrable Securities (the "**Registration Statement**" and collectively with the Canadian Base Prospectus, the "**Base Prospectus**"), containing a base shelf prospectus filed with the SEC qualifying the Registrable Securities for distribution under Applicable Securities Laws. The Corporation shall cause the Base Prospectus to contain a plan of distribution consistent with the terms of this Agreement and approved in advance by the Holders acting reasonably.
- (b) In the event that the Base Prospectus is not effective or required under Section 2.1(a) at any time during the term of this Agreement, the rights and obligations contained herein shall apply to a Non-Base Prospectus and all references in this Agreement to Prospectus Supplement shall apply *mutatis mutandis* to a Non-Base Prospectus.

2.2 Required Registration

- (a) Subject to the provisions hereof, at any time and from time to time during the term of this Agreement, one or more Holders (each such Holder, a "**Demand Holder**") may request the Corporation to file a Prospectus Supplement offering all or part of the Registrable Securities (such offering being hereinafter referred to as a "**Demand Registration**"). Such a request shall be in writing and shall specify the Proposed Prospectus Filing Date, number of Registrable Securities to be sold (the "**Demand Registrable Securities**"), the intended method of disposition and the jurisdictions in which the Demand Holders, acting reasonably, request that the Demand Registration be effected and contain the undertaking of the Demand Holders making the request to provide all such information regarding such Demand Holders as may be required in order to permit the Corporation to comply with all Applicable Securities Laws with respect to such Demand Registration. The Holders may not make more than three requests for Demand Registrations in any Registration Year and a request for a Demand Registration by any Demand Holder shall be delivered not more than 21 days and not less than 10 days, prior to the Proposed Prospectus Filing Date for such Demand Registration. The Holders shall not request a Demand Registration to be conducted in a manner that would require the filing of a prospectus, registration statement or other disclosure document in a jurisdiction outside Canada or the United States or subject the Corporation to continuous disclosure obligations under applicable securities laws in any such other jurisdiction. No offering of Registrable Securities under this subsection 2.2(a) shall relieve the Corporation of its obligations to effect Piggy Back Registrations pursuant to subsection 2.2(f).

- (b) Subject to subsection 2.2(c), each Demand Registration shall be for such number of Demand Registrable Securities as requested by the Demand Holders.
- (c) The Corporation shall have the right, by providing written notice to the Demand Holder not less than five days prior to the Proposed Prospectus Filing Date (or, no more than once per Registration Year, if (x) the Demand Holder expects such offering to be conducted as a block trade or bought deal and such expectation is indicated in the applicable Demand Registration request and (y) the Demand Holder may not sell the Common Shares that it intends to sell under the applicable Demand Registration request in the United States pursuant to Rule 144 under the U.S. Securities Act without being subject to the limitations imposed by volume and manner of sale restrictions contained therein on the date of such request, then the Corporation shall have three days after receiving such Demand Registration request to provide notice to the Demand Holder), to offer and sell Common Shares as part of any Demand Registration initiated by the Demand Holders under this Agreement. If the managing underwriter or underwriters advise(s) the Corporation that, in such firm's good faith view, the number of Demand Registrable Securities and other securities requested to be included in such Demand Registration exceeds the number that can be sold in such offering without being likely to have an adverse effect upon the price, timing or distribution of the offering and sale of the Demand Registrable Securities, then the Corporation shall include in such Demand Registration:
 - (i) first, the Demand Registrable Securities to be included in such Demand Registration; and
 - (ii) second, the other Common Shares sought to be included by the Corporation or any other stockholder that can be sold without having the adverse effect referred to above, pro rata on the basis of the relative number of such other Common Shares sought to be included by the Corporation and such other Persons.
- (d) Notwithstanding anything to the contrary herein, the Corporation shall have no obligation to file a Prospectus Supplement pursuant to any request under subsection 2.2 (a) during the 90-day period following the date on which the Corporation most recently filed a Prospectus Supplement or Non-Base Prospectus, and any such request shall be invalid and of no force or effect hereunder.
- (e) The Corporation shall be entitled to postpone the filing of a Prospectus Supplement otherwise required to be prepared and filed by it pursuant to this Section 2.2 (but not the preparation of such Prospectus Supplement) or may request that Holders suspend the use of any Prospectus Supplement that has been filed by it pursuant to this Section 2.2 if a Blackout Period is in effect or occurs after a Demand Registration request has been received but before the Demand Registration has been effected. The Corporation will give written notice of its determination, pursuant to this subsection 2.2(d), to postpone the filing of a Prospectus Supplement otherwise required to be prepared and filed by it pursuant to this Section 2.2 or to request that Holders suspend the use of any Prospectus Supplement that has been filed by it pursuant to this Section 2.2, including a general description of the basis for such determination, promptly after the occurrence thereof. If the Corporation exercises its rights under this subsection 2.2(d), it shall, as promptly as practicable following the expiration of the applicable postponement or suspension period, file or update and use its commercially reasonable efforts to cause the effectiveness of the postponed or suspended Prospectus Supplement. If the Corporation, pursuant to this subsection 2.2(d), postpones the filing of a Prospectus Supplement with respect to a

Demand Registration and if the Holder within 30 days after receipt of notice from the Corporation advises the Corporation in writing that it has determined to withdraw such request for a Demand Registration, such request for a Demand Registration will be deemed to be withdrawn and such request will be deemed to have not been given for purposes of determining whether the Demand Holders have exercised their rights to a Demand Registration permitted to such Holders pursuant to this Section 2.2.

- (f) A Demand Holder may, at any time prior to the date on which the Corporation enters into a binding underwriting agreement in connection with a Demand Registration, revoke such Demand Holder's Demand Registration in whole or in part. The Demand Holders may revoke a Demand Registration in whole once per Registration Year without being responsible for any Registration Expenses incurred in respect of such Demand Registration. The Demand Holders shall be responsible for all Registration Expenses incurred in connection with each other revocation of a Demand Registration during a Registration Year. Each revoked Demand Registration shall constitute a Demand Registration for purposes of the limitation on the number of Demand Registrations in any Registration Year contained in subsection 2.2(a), in each case unless (i) the Corporation has previously notified the Demand Holder that it intends to register securities in connection with such Demand Registration and in fact completes such registration notwithstanding the revocation by the Demand Holder or (ii) the Corporation and such Demand Holders mutually agree not to proceed with such Demand Registration. Notwithstanding anything in this Agreement to the contrary, a request for a Demand Registration shall not be deemed to be effective if, at any time after it has become effective, such Demand Registration is interfered with by any stop order, cease trade order, injunction or other order or requirement of the SEC or other Governmental Authority for any reason other than a misrepresentation by a Holder relating to such Demand Registration.
- (g) If during the term of this Agreement the Corporation proposes to file a Prospectus Supplement in Canada and/or with the SEC in order to permit the issuance of its Common Shares pursuant to a public offering (a "**Corporation-Initiated Registration**") or the sale of its Common Shares pursuant to a demand made under the Existing RRA or any Corresponding RRA (a "**Securityholder-Initiated Registration**"), in a form and manner that, with appropriate changes, would permit the offering of Registrable Securities under such Prospectus Supplement, the Corporation shall give reasonably prompt written notice of its intention to do so to the Holders and shall use commercially reasonable efforts to include in the proposed distribution such number of Designated Registrable Securities (the "**Piggy Back Registrable Securities**") as the Holders shall request (such offering hereinafter referred to as a "**Piggy Back Registration**") within five (5) days after the giving of such notice (provided that if the Corporation expects such offering to be conducted as a block trade or bought deal and such expectation is indicated in the applicable notice, then the Holders shall have one (1) Business Day after the giving of notice by the Corporation to provide such request), upon the same terms (including the method of distribution) as such distribution. If the managing underwriter or underwriters advise(s) the Corporation that, in such firm's good faith view, the number of Piggy Back Registrable Securities and other securities requested to be included in such Piggy Back Registration exceeds the number that can be sold in such offering without being likely to have an adverse effect upon the price, timing or distribution of the offering and sale of the Piggy Back Registrable Securities and other securities, then the Corporation shall include in such Piggy Back Registration:
- (i) first,

- (A) in the case of a Corporation-Initiated Registration, the Common Shares to be included by the Corporation in such Piggy Back Registration; or
 - (B) in the case of a Securityholder-Initiated Registration, the Common Shares to be included by the Person making the demand under the Existing RRA or any Corresponding RRA, as applicable;
- (ii) second, in the case of a Corporation-Initiated Registration only, only if and to the extent required pursuant to the Existing RRA, any Common Shares sought to be included pursuant to an exercise of rights under the Existing RRA;
 - (iii) third, the Piggy Back Registrable Securities sought to be included, and any other Common Shares sought to be included pursuant to an exercise of rights by any Person under any Corresponding RRA, that can in either case be sold without having the adverse effect referred to above, pro rata on the basis of the relative number of then-outstanding Common Shares beneficially owned by the Holder(s) and such other Persons, as the case may be; and
 - (iv) fourth, any other securities sought to be included by any other Person that can be sold without having the adverse effect referred to above, pro rata on the basis of the relative number of such other securities owned by such other Persons.

The Corporation may at any time, at its sole discretion and without the consent of the Holders, withdraw such Prospectus Supplement and abandon the proposed distribution in which the Holders requested to participate. The failure of the Holders to respond within the periods referred to in the immediately preceding sentence shall be deemed to be a waiver of the Holders' rights under this subsection 2.2(g) with respect to such Piggy Back Registration. The Holders may also waive their rights under this subsection 2.2(g) by giving written notice to the Corporation. No offering of Registrable Securities under this subsection 2.2(g) shall relieve the Corporation of its obligations to effect Demand Registrations pursuant to subsection 2.2(a).

2.3 Selection of Underwriters for Underwritten Demand Registrations

Upon requesting a Demand Registration for an underwritten offering of Registrable Securities, the Demand Holders shall select the investment banker(s) and manager(s) to effect the distribution in connection with such underwritten Demand Registration, it being acknowledged by the Holders that the participation of a registrant shall be required in Canada and a registered broker-dealer in the United States in connection with each underwritten Secondary Registration hereunder and it being further acknowledged that the investment banker(s) and/or manager(s) selected by the Demand Holders must be of nationally recognized standing in the United States and/or Canada (as applicable). Notwithstanding the foregoing, the Holders acknowledge that the Corporation shall have the sole right to select the investment banker(s) and manager(s) to effect the distribution in connection with any Piggy Back Registration and shall have no obligation to consult with the Holders with respect to such selection.

2.4 Registration Expenses and Selling Expenses.

- (a) Subject to subsection 2.2(e), the Corporation shall be responsible for all Registration Expenses.

- (b) Each of the Corporation and the Holders shall be responsible for the Selling Expenses on any Demand Registration or Piggy Back Registration in proportion to their respective amounts of Common Shares sold in any such offering.

2.5 Other

- (a) During the term of this Agreement, the Corporation will take all actions necessary to maintain the listing of the Registrable Securities on the Toronto Stock Exchange and the New York Stock Exchange.
- (b) During the term of this Agreement, the Corporation shall provide to the Holders, promptly following the entering into of this Agreement in respect of the current year as of the date hereof and subsequently not later than December 15 of any year, the Corporation's timetable for scheduled Blackout Periods for the succeeding year, and will promptly advise the Holders in writing if the timetable for such scheduled Blackout Periods changes during the course of the year.

ARTICLE 3 **REGISTRATION PROCEDURES**

3.1 Procedures

Upon receipt of a request from the Holders pursuant to Section 2.2, the Corporation will, subject to Section 2.2, effect the Secondary Registration as requested. In particular, the Corporation will, in each case as applicable:

- (a) use commercially reasonable efforts to prepare and file, as soon as reasonably practicable, in the English language and, if required, French language, a Prospectus Supplement under and in compliance with Applicable Securities Laws of each Canadian jurisdiction in which the Secondary Registration is to be effected and such other related documents as may be reasonably necessary to be filed in connection with such Prospectus Supplement and take all other steps and proceedings that may be reasonably necessary in order to permit a registered public offering (whether or not underwritten) of the Designated Registrable Securities by the Holders in the applicable Canadian jurisdictions;
- (b) use commercially reasonable efforts to prepare and file, as soon as reasonably practicable, with the SEC a Prospectus Supplement, covering the distribution of the Designated Registrable Securities and such other related documents as may be reasonably necessary to be filed in connection with such Prospectus Supplement and take all other steps and proceedings that may be reasonably necessary in order to permit a registered public offering (whether or not underwritten) of the Designated Registrable Securities by the Holders in the United States;
- (c) use commercially reasonable efforts to prepare and file with the applicable Canadian Securities Regulatory Authorities in the Canadian jurisdictions in which the Secondary Registration is to be effected and with the SEC such amendments and supplements to the Prospectus Supplement, as may be reasonably necessary to comply with the provisions of Applicable Securities Laws with respect to the Registration of Designated Registrable Securities, and take such steps as are reasonably necessary to maintain the effectiveness of the Prospectus and the Registration Statement during the term of this Agreement;

- (d) notify promptly each Holder of Registrable Securities under a Registration Statement or Canadian Base Prospectus and, if requested by such Holder, promptly confirm such advice in writing: (i) when a Registration Statement or Canadian Base Prospectus has become effective and when any post-effective amendment or supplement thereto becomes effective; (ii) of any request by the SEC, any U.S. state securities authority or any Canadian Securities Regulatory Authority for additional information after the Registration Statement or Canadian Base Prospectus has become effective or for any post-effective amendment or supplement to a Registration Statement or Canadian Base Prospectus; (iii) of the issuance by the SEC, any U.S. state securities authority or any Canadian Securities Regulatory Authority of any stop order or cease trade order suspending the effectiveness of a Registration Statement or Canadian Base Prospectus or the initiation of any proceedings for that purpose; (iv) if, between the effective date of a Registration Statement or Canadian Base Prospectus and the closing of any sale of Registrable Securities pursuant to this Agreement covered by such Registration Statement, the representations and warranties of the Corporation contained in any underwriting agreement or similar agreement, if any, relating to the offering cease to be true and correct in all material respects; (v) of the happening of any event or the discovery of any facts during the period a Registration Statement or Canadian Base Prospectus is effective as a result of which such Registration Statement or Canadian Base Prospectus or any document incorporated by reference therein contains any misrepresentation; (vi) of the receipt by the Corporation of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (vii) if for any other reason it shall be necessary to amend or supplement the Registration Statement, the Prospectus or the Canadian Base Prospectus in order to comply with Applicable Securities Laws; and (viii) of the filing of any post-effective amendment to the Registration Statement or Canadian Base Prospectus that is not automatically effective upon filing;
- (e) use commercially reasonable efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by the Holders of the Designated Registrable Securities covered by the Prospectus Supplement under such other securities or "blue sky" laws of such jurisdictions as designated by the Holders, acting reasonably, in the request for Demand Registration, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be reasonably necessary to maintain their effectiveness until the time at which the distribution of the Designated Registrable Securities is completed (the "**Distribution Period**"), (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Distribution Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Designated Registrable Securities for sale in such jurisdictions; provided, however, that the Corporation shall not be required in connection therewith or as a condition thereto to (A) qualify to do business as a foreign corporation or dealer in any jurisdiction where it would not otherwise be required to qualify but for this subsection 3.1(e), (B) subject itself to any taxation in any such jurisdiction, or (C) consent to general service of process in such jurisdiction. The Corporation shall promptly notify the Holders of the receipt by the Corporation of any notification with respect to the suspension of the registration or qualification of any of the Designated Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose;

- (f) unless such documents are publicly available via EDGAR or SEDAR, furnish to the Holders and any underwriter or underwriters of any such distribution, upon their request, such number of copies of the Base Prospectus, any Prospectus Supplement and any amendment and supplement thereto (including any documents incorporated therein by reference) and such other relevant documents as the Holders may reasonably request in order to facilitate the distribution of the Designated Registrable Securities;
- (g) unless such documents are publicly available via EDGAR or SEDAR, furnish to the Holders and any underwriter or underwriters of any such distribution, upon their request, at least one conformed copy of each Registration Statement and each Canadian Base Prospectus and any post-effective amendment to either of them, including financial statements and schedules (including all documents incorporated therein by reference and all exhibits thereto);
- (h) furnish to counsel for the Holders copies of any comment letters relating to the selling Holders received from the SEC or any Canadian Securities Regulatory Authorities or any other request by the SEC or any Canadian Securities Regulatory Authorities for amendments or supplements to the Base Prospectus or any Prospectus Supplement or for additional information relating to the selling Holders, provided that the Corporation shall not be required to provide copies of any non-substantial routine correspondence with the SEC or Canadian Securities Regulatory Authorities that does not specifically relate to the selling Holders or any information the disclosure of which would be restricted by applicable privacy laws or other laws governing the treatment of personal information;
- (i) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the Base Prospectus or any Prospectus Supplement at the earliest possible moment;
- (j) cooperate with the selling Holders to facilitate the timely preparation and delivery of certificates and opinions of counsel necessary to remove any restrictive legends associated with the Registrable Securities to enable such securities to be sold by the selling Holders (whether in a registered or unregistered transaction) as the selling Holders may reasonably request;
- (k) furnish to the Holders and any underwriter or underwriters of any such distribution and such other persons as the Holders may reasonably specify:
 - (i) an opinion or opinions of counsel to the Corporation addressed to the Holders and the underwriter or underwriters of such distribution and dated the closing date of the distribution, which opinion(s) shall be in form, scope and substance customary for an offering of the type contemplated by the applicable Secondary Registration, having regard to the form of opinions given by the Corporation's counsel in prior public offerings by the Corporation, and reasonably satisfactory to the Holders and any underwriters;
 - (ii) a customary "comfort letter" addressed to the Holders (subject to the auditors' receipt of required representation letters from the Holders) and the underwriter or underwriters dated the date of the Prospectus Supplement and the closing date of the distribution signed by the auditors of the Corporation (and, if necessary, any other auditors of any subsidiary of the Corporation or of any business acquired by the Corporation for which financial statements are, or are required to be, included

in the Prospectus), in customary form and covering such matters of the type customarily covered by "comfort letters" as the Holder and managing underwriter reasonably requests;

- (iii) if a Prospectus Supplement is filed in Quebec, opinions of Quebec counsel to the Corporation and the auditors of the Corporation addressed to the Holders and the underwriter or underwriters of such distribution relating to the translation of the Prospectus and compliance with French language laws, such opinions being dated the dates of the preliminary prospectus supplement, the final prospectus supplement and closing; and
- (iv) such corporate certificates as are reasonably requested in connection with such distribution, and, in each case, covering substantially the same matters as are customarily covered in such documents in the relevant jurisdictions and such other matters as the Holders may reasonably request;
- (l) make available to the underwriter or underwriters in connection with any Secondary Registration reasonable access to the senior management of the Corporation for investor and analyst calls and meetings with respect to such Secondary Registrations;
- (m) use commercially reasonable efforts to provide any additional cooperation reasonably requested by the underwriters in the offering, marketing or selling of the Registrable Securities;
- (n) as promptly as practicable after delivery of a notice under Section 3.1(d)(v), use commercially reasonable efforts to prepare a supplement or amendment to the Registration Statement or Prospectus, as applicable, or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities, such Registration Statement or Prospectus will not include a misrepresentation;
- (o) otherwise use its commercially reasonable efforts to comply with all Applicable Securities Laws;
- (p) provide a transfer agent and registrar for such securities no later than the closing date of the offering;
- (q) enter into customary agreements (including an underwriting agreement with the underwriter or underwriters), such agreements to contain such representations and warranties by the Corporation and such other terms and conditions as are customary for such offering (including customary indemnity and contribution provisions), having regard to the form of underwriting agreements entered into by the Corporation in prior public offerings, and take all such other actions as permitted by law as the Holders or the underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the distribution of the Designated Registrable Securities;
- (r) in the event of the issuance of any order or ruling suspending the distribution of securities under the Prospectus from the Canadian Securities Regulatory Authorities or the effectiveness of the Registration Statement from the SEC, or any order suspending or preventing the use of the Prospectus or suspending the Secondary Registration of any of the Designated Registrable Securities or cease trading the distribution in any applicable

province or territory of Canada or in the United States, the Corporation will, as expeditiously as possible after actual knowledge by the Corporation thereof, notify the Holders of such event and use its commercially reasonable efforts promptly to obtain the withdrawal of such order or ruling;

- (s) a reasonable time prior to (and again within two Business Days following) the filing of any Registration Statement, any prospectus (including any Prospectus), any Canadian Base Prospectus, any Prospectus Supplement, or any amendment or supplement to any of the foregoing, provide copies of such documents to the Holders and the underwriters (if any), and make such changes in any of the foregoing documents prior to the filing thereof, or in the case of changes received from counsel to the Holders by filing an amendment or supplement thereto, as the Holders, underwriters or their respective counsel reasonably requests, and not file any such document in a form to which any Holder or underwriter (if any) shall not have previously been advised and furnished a copy of or to which counsel for the Holders or the underwriters (if any) shall reasonably object, and not including in any amendment or supplement to such documents any information about the Holders or any change to the plan of distribution of the Registrable Securities that would limit the method of distribution of the Registrable Securities unless counsel for the Holders has been advised in advance and approved such information or change, and make available Representatives of the Corporation to the extent reasonably requested to discuss such documents (and any proposed revisions thereto);
- (t) otherwise comply with all Applicable Securities Laws and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least twelve months which shall satisfy the provisions of Section 11(a) of the U.S. Securities Act and Rule 158 thereunder and any other similar Applicable Securities Laws;
- (u) cooperate and assist in any filings required to be made with the U.S. Financial Industry Regulatory Authority, as applicable, and in the performance of any due diligence investigation by any underwriter and its counsel in connection therewith; and
- (v) promptly prepare and file French translations of all documents incorporated by reference into the Base Prospectus.

3.2 Obligations of the Holders

In connection with any Secondary Registration, the Holders shall:

- (a) provide, in writing, such information with respect to the Holders, including the number of securities of the Corporation held by the Holders, as may be required by the Corporation to comply with Applicable Securities Laws in each jurisdiction in which the Secondary Registration is to be effected;
- (b) if required under Applicable Securities Laws, execute any certificate forming part of a preliminary prospectus, final prospectus, registration statement or similar document to be filed with the applicable Canadian Securities Regulatory Authorities or the SEC;
- (c) as expeditiously as possible following actual knowledge by the Holder thereof, notify the Corporation of the happening of any event during the Distribution Period, as a result of which the Prospectus or the Registration Statement, as in effect, would include a

- misrepresentation with respect to any information provided by such Holder pursuant to subsection 3.2(a);
- (d) comply with all Applicable Securities Laws with respect to such Secondary Registration;
 - (e) provide such information to the Corporation regarding the conduct and process of any Demand Registration that the Corporation may reasonably request; and
 - (f) not effect or permit to be effected sales of Designated Registrable Securities held by the applicable Holder pursuant to the Prospectus, or deliver or permit to be delivered the Prospectus in respect of such sale, after notification by the Corporation of any order or ruling suspending the effectiveness of the Prospectus or after notification by the Corporation under subsection 3.1(r), until the Corporation advises the Holders that such suspension has been lifted or that it has filed an amendment to the Prospectus and has provided copies of such amendment to the Holders. The Holders shall, if so directed by the Corporation, deliver to the Corporation (at the Corporation's expense) all copies, other than permanent file copies, then in the Holders' possession of the Prospectus covering the Designated Registrable Securities that was in effect at the time of receipt of such notice.

3.3 Covenants Relating To Rule 144

With a view to making available to the Holders the benefits of Rule 144 promulgated under the U.S. Securities Act or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell securities of the Corporation to the public without registration, the Corporation agrees to: (a) make and keep public information available as is necessary to permit sales pursuant to Rule 144 under the U.S. Securities Act; (b) file with the SEC in a timely manner all reports and other documents required of the Corporation under the U.S. Securities Act and the U.S. Exchange Act for so long as the filing of such reports and other documents is required for the applicable provisions of Rule 144 promulgated under the U.S. Securities Act; (c) furnish to each Holder promptly upon request such other information as may be reasonably requested to permit the Holder to sell such securities pursuant to Rule 144 promulgated under the U.S. Securities Act without registration; and (d) upon request of the Holder, cause any restrictive legends associated with any securities to be sold pursuant to Rule 144 promulgated under the U.S. Securities Act to be removed, including by obtaining from counsel for the Corporation a legal opinion authorizing the removal of such legends.

ARTICLE 4

DUE DILIGENCE; INDEMNIFICATION

4.1 Preparation; Reasonable Investigation

In connection with the preparation and filing of a Prospectus Supplement as herein contemplated, the Corporation will give the Holders and the underwriter or underwriters of such distribution and their respective counsel, auditors and other representatives, the opportunity to participate in the preparation of such documents and each amendment thereof or supplement thereto, and shall insert therein such material relating to the Holders furnished to the Corporation in writing, which is required under Applicable Securities Laws or in the reasonable judgment of the parties and/or their respective counsel should be included, and will, subject to the confirmation of the recipients' obligations as to the confidential treatment of such information, give each of them such reasonable and customary access to the Corporation's books and records and such reasonable and customary opportunity to discuss the business of the Corporation with its officers and auditors as shall be necessary in the reasonable opinion of the Holders and the underwriter or underwriters and their respective counsel, and to conduct all reasonable and customary due diligence

which the Holders and the underwriter or underwriters and their respective counsel may reasonably require in order to conduct a reasonable investigation for purposes of establishing, to the extent permitted by law, a due diligence defense as contemplated by Applicable Securities Laws and in order to enable such underwriters to execute any certificate required to be executed by them in Canada or the United States for inclusion in each such document.

4.2 Indemnification

- (a) The Corporation agrees to indemnify and hold harmless, to the extent permitted by law, the Holders and each Person who participates as an underwriter in the offering or sale of the Designated Registrable Securities, and each of their respective directors, officers, employees and agents and each Person who controls any such underwriter or Holder (within the meaning of any Applicable Securities Laws) against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable fees and expenses of counsel) arising out of or based upon:
- (i) any information or statement contained in, or any omission of any information or statement in, the Registration Statement, including all documents incorporated therein by reference (other than any information which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1), which at the time and in light of the circumstances under which it was made contains or, in the case of an omission, gives rise to, a misrepresentation, or is alleged to contain or, in the case of an omission, give rise to, a misrepresentation;
 - (ii) any information or statement contained in, or any omission of any information or statement in, the Prospectus, any filing made in connection with the Secondary Registration under the securities or other "blue sky" laws or any amendment thereto, including all documents incorporated in any such Prospectus, filing or amendment by reference (other than any information which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1), which at the time and in light of the circumstances in which it was made contains, or, in the case of an omission, gives rise to, a misrepresentation or is alleged to contain, or, in the case of an omission, give rise to, a misrepresentation;
 - (iii) any order made or inquiry, investigation or proceedings commenced or threatened by any applicable securities regulatory authority, court or other competent authority based upon any misrepresentation, alleged misrepresentation or any omission giving rise to, or alleged to give rise to, any misrepresentation in the Prospectus or any amendment thereto (other than any such misrepresentation contained in any information which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1) or based upon any failure or alleged failure to comply with Applicable Securities Laws (other than any failure to comply with Applicable Securities Laws by any Holder or the underwriters, as applicable, which is not as a result of a failure or an alleged failure of the Corporation to comply with Applicable Securities Laws); or

- (iv) noncompliance by the Corporation with any Applicable Securities Laws in connection with a Secondary Registration and the distribution effected thereunder, except in the case of any of the foregoing insofar as such noncompliance was caused by the Holders' or any underwriter's failure to deliver to a purchaser of Designated Registrable Securities, a copy of the Prospectus or any amendments or supplements thereto or to otherwise comply with Applicable Securities Laws in a manner which is not a result of a failure or an alleged failure of the Corporation to comply with Applicable Securities Laws.
- (b) The Holders agree to indemnify and hold harmless, to the extent permitted by law, the Corporation and each Person who participates as an underwriter in the offering or sale of the Designated Registrable Securities, and each of their respective directors, officers, employees and agents and each Person who controls such underwriters (within the meaning of any Applicable Securities Laws) against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable fees and expenses of counsel) arising out of or based upon:
- (i) any information or statement contained in, or any omission of any information or statement in, the Registration Statement, including all documents incorporated therein by reference, which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1, which at the time and in light of the circumstances under which it was made contains or, in the case of an omission, gives rise to, a misrepresentation, or is alleged to contain or, in the case of an omission, give rise to, a misrepresentation;
 - (ii) any information or statement contained in, or any omission of any information or statement in, the Prospectus, any filing made in connection with the Registration under the securities or other "blue sky" laws or any amendment thereto, including all documents incorporated in any such Prospectus, filing or amendment by reference, which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1 which at the time and in light of the circumstances in which it was made contains, or, in the case of an omission, gives rise to, a misrepresentation or is alleged to contain, or, in the case of an omission, give rise to, a misrepresentation;
 - (iii) any order made or inquiry, investigation or proceedings commenced or threatened by any applicable securities regulatory authority, court or other competent authority based upon (A) any misrepresentation, alleged misrepresentation or any omission giving rise to, or alleged to give rise to, any misrepresentation in the Prospectus or any amendment thereto based upon any information or statement which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1, or (B) any failure or an alleged failure to comply with Applicable Securities Laws by the Holders which is not as a result of a failure or alleged failure of the Corporation to comply with Applicable Securities Laws;
 - (iv) noncompliance by a Holder with any Applicable Securities Laws in connection with a distribution of Registrable Securities; or

- (v) the Holders' failure to deliver to a purchaser of Designated Registrable Securities, a copy of the Prospectus or any amendments or supplements thereto or to otherwise comply with Applicable Securities Laws in a manner which is not a result of a failure or an alleged failure of the Corporation to comply with Applicable Securities Laws, except in the case of any of the foregoing insofar as such noncompliance was caused by the Corporation or any underwriter's failure to deliver to a purchaser of Designated Registrable Securities a copy of the Prospectus or any amendments or supplements thereto or to otherwise comply with Applicable Securities Laws.
- (c) Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any failure to give notice pursuant to this subsection 4.2(c) shall not relieve the indemnifying party of its obligations under this Section 4.2 unless such failure to give notice results in material prejudice against such indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel satisfactory to the indemnified party, acting reasonably. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld, conditioned or delayed). An indemnified party shall have the right to employ separate counsel in any such suit and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the indemnified party unless: (i) the indemnifying party fails to assume the defence of such suit on behalf of the indemnified party within a reasonable period of time; (ii) the employment of such counsel has been authorized in writing by the indemnifying party; (iii) the named parties include both the indemnifying party and the indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them; or (iv) the named parties to any such suit or proceeding include both the indemnified party and the indemnifying party and the indemnified party has reasonably concluded that there may be one or more legal defences available to the indemnified party which are different from or in addition to those available to the indemnifying party, in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defence of such suit or proceeding on behalf of the indemnified party and shall be liable to pay the reasonable fees and expenses of counsel for the indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to any local counsel) for all such indemnified parties. No indemnifying party may settle any claims without the express written consent of an indemnified party (such consent not to be unreasonably withheld, conditioned or delayed where such consent does not contain any admission of liability, includes an unconditional release of such indemnified party from any liabilities arising out of such claim and has as its only obligation on the indemnified party the payment of funds for which the indemnifying party has unconditionally agreed to provide indemnity under this Section 4.2).
- (d) The indemnification provided for under this Agreement will survive the expiry of this Agreement and will remain in full force and effect regardless of any investigation made by

or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive any transfer of securities pursuant thereto. In the event the indemnification is unavailable in whole or in part for any reason under this Section 4.2, the Corporation and the Holders shall contribute to the aggregate of all losses, claims, actions, damages, liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the Corporation and the Holders in connection with the event giving rise to liability. No Person that has been determined by a court of competent jurisdiction in a final judgment to have engaged in fraud, willful misconduct, fraudulent misrepresentation or negligence shall be entitled to claim indemnification or contribution pursuant to subsection 4.2(b) or this subsection 4.2(d), as applicable, from any Person who has not also been so determined to have engaged in such fraud, willful misconduct, fraudulent misrepresentation or negligence.

- (e) The Corporation hereby acknowledges and agrees that, with respect to this Section 4.2, each Holder is contracting on its own behalf and as agent for the other indemnified persons referred to in subsection 4.2(a). In this regard, each Holder will act as trustee for such indemnified persons of the covenants of the Corporation under this Section 4.2 with respect to such indemnified persons and accepts these trusts and will hold and enforce those covenants on behalf of such indemnified persons.
- (f) The Holders hereby acknowledge and agree that, with respect to this Section 4.2, the Corporation is contracting on its own behalf and as agent for the other indemnified persons referred to in subsection 4.2(b). In this regard, the Corporation will act as trustee for such indemnified persons of the covenants of the Holders under this Section 4.2 with respect to such indemnified persons and accepts these trusts and will hold and enforce those covenants on behalf of such indemnified persons.
- (g) The indemnification and contribution provided for under this Agreement shall be in addition to any other rights to indemnification or contribution that any indemnified person may have pursuant to applicable law or contract and shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified person.

ARTICLE 5

LOCK-UP AGREEMENT; THIRD PARTY RIGHTS

5.1 Secondary Registration Lock-Up

- (a) In respect of any offering of securities by Secondary Registration, upon request by the underwriters or dealers (as the case may be) in connection therewith, the Holders and the Corporation each agree to execute customary lock-up agreements, in each case for a period ending no later than 90 days or such shorter term as the underwriters may reasonably request (the "**Lock-Up Period**"), after the closing of such Secondary Registration, on terms required by the underwriters and consistent with those in public offering underwriting agreements customarily entered into by the Corporation.
- (b) The Corporation shall be entitled to postpone the filing of a Prospectus Supplement otherwise required to be prepared and filed by it pursuant hereto (but not the preparation of such Prospectus Supplement) or may request Holders suspend the use of any Prospectus Supplement that has been filed by it pursuant hereto if a Demand Registration request is received prior to the expiration of any Lock-Up Period as defined in subsection 5.1(a).

5.2 Third Party Rights

The Corporation represents and warrants to the Shareholder that, other than the Existing RRA and any Corresponding RRAs, it has not granted any registration rights to third parties that would conflict with or adversely affect the rights of the Holders as set forth in this Agreement.

ARTICLE 6 **GENERAL PROVISIONS**

6.1 Further Assurances

Each of the Parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and will use commercially reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

6.2 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

6.3 Assignment

This Agreement and the rights and obligations of the Parties hereto shall bind and enure to the benefit of each of the Parties hereto, the other Parties indemnified under Section 4.2 and their respective successors and permitted assigns.

Neither Party shall have the right to transfer or assign any of its rights or obligations under this Agreement except that:

- (a) this Agreement may be assigned in whole or in part by the Shareholder (upon notice to the Corporation) to any Affiliate of the Shareholder to whom any Registrable Securities are transferred in compliance with any and all applicable Transfer Restrictions to which the transferring Party is subject. Upon the permitted transferee(s) or assignee(s) executing and delivering to the Corporation an instrument in writing agreeing to be bound by this Agreement, the transferee(s) or assignee(s) will be entitled to its benefit and be bound by all of its terms as if it were an original signatory hereto and shall be considered a Holder for the purposes of this Agreement, provided that if any Person who was a permitted transferee ceases to be an Affiliate of the Shareholder, such Person shall cease to have any rights or obligations under this Agreement; and
- (b) in the event the Common Shares are converted, reclassified, exchanged or otherwise changed pursuant to a reorganization, amalgamation, merger, arrangement or other form of business combination, this Agreement may be assigned in whole by the Corporation

(and the Corporation covenants and agrees to use its commercially reasonable efforts to assign this Agreement to) to its successor pursuant to, or in connection with, any such transaction.

6.4 Remedies and Breaches

- (a) Each of the Holders, on the one hand (and for the purposes of this Section 6.4 collectively considered to be a "**Party**"), and the Corporation, on the other hand, acknowledges and agrees that irreparable injury to the other Party hereto may occur in the event any of the provisions of this Agreement are not performed in accordance with its specific terms or is otherwise breached and that such injury may not be adequately compensable in damages. It is accordingly agreed that each of the Holders, on the one hand, and the Corporation, on the other hand, shall, in addition to any other remedy to which they may be entitled at law or in equity, each be entitled to seek specific enforcement of, and injunctive relief to prevent any violation of, the terms hereof and the other Party hereto will not take any action, directly or indirectly, in opposition to the Party seeking relief on the grounds that any other remedy or relief is available at law or in equity. The prevailing Party in any such action shall be entitled to recover legal fees and expenses from the non- prevailing Party.
- (b) Each Holder on the one hand, and the Corporation on the other hand, acknowledges that it shall be liable for any breach of this Agreement by any of its Affiliates or any of its or its Affiliates' Representatives or other Persons acting on their behalf, and that it shall inform its and its Affiliates' Representatives of the terms of this Agreement and shall cause them to comply with them.

6.5 Term and Termination

This Agreement will continue in force until the earliest of the following to occur:

- (a) 11:59 p.m. (Calgary time) on the date that is 60 months following the date of this Agreement;
- (b) the date on which this Agreement is terminated by the written agreement of the Parties;
- (c) the first date on which the Shareholder ceases to, directly or indirectly, beneficially own, in aggregate, more than 5% of the then-outstanding Common Shares; and
- (d) the date on which the Standstill Agreements are terminated.

except that (i) the provisions of Section 4.2 and this Article 6 shall continue in full force and effect notwithstanding any termination of this Agreement, and (ii) termination of this Agreement will not affect or prejudice any rights or obligations which have accrued or arisen under this Agreement prior to the time of termination and such rights and obligations, including any indemnities and remedies, will continue in full force and effect and survive the termination of this Agreement.

6.6 Notices

All notices required or permitted pursuant to the terms of this Agreement shall be in writing and shall be given by personal delivery or facsimile or electronic mail transmittal during normal business hours on any Business Day to the address for the Holders or the Corporation, as applicable, as set forth below. Any such notice or other communication given hereunder shall, if personally delivered or sent by facsimile or electronic mail transmittal (with confirmation received), be conclusively deemed to have been given or

made and received on the day of delivery or facsimile or electronic mail transmittal (as the case may be) if such delivery or facsimile or electronic mail transmittal occurs during normal business hours of the recipient on a Business Day and if not so delivered or transmitted during normal business hours on a Business Day, then on the next Business Day following the day of delivery or transmittal. The Parties hereto may give from time to time written notice of change of address in the manner aforesaid.

Notices shall be provided:

- (a) if to the Shareholder:

Hutchison Whampoa Europe Investments S.à r.l.
7, Rue du Marché-aux-Herbes
L-1728 Luxembourg
Grand Duchy of Luxembourg

Attention: [*Notice Information Redacted.*]

with a copy to (which shall not constitute notice):

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario, M5L 1B9

Attention: Elizabeth Breen/John Ciardullo/J.R. Laffin
Email: ebreen@stikeman.com/jciardullo@stikeman.com/jrlaffin@stikeman.com

- (b) if to the Corporation:

Cenovus Energy Inc.
4100, 225 – 6 Ave SW
Calgary, Alberta T2P 0M5

Attention: [*Notice Information Redacted.*]
E-mail: [*Email Address Redacted.*]

with a copy to (which shall not constitute notice):

Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: John Piasta
Facsimile: (403) 265-7219
E-mail: piastaj@bennettjones.com

6.7 Third Party Beneficiaries

Except in relation to the transferees and assignees contemplated in Section 6.3 and indemnitees in Section 4.2, this Agreement is not intended to confer any rights, remedies, obligations or liabilities upon any Person other than the Parties to this Agreement and their respective successor or permitted assigns.

6.8 Governing Law and Attornment

The provisions of this Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Any legal actions or proceedings with respect to this Agreement shall be brought in the courts of the Province of Alberta. Each Party hereby attorns to and accepts the jurisdiction of such courts.

6.9 Waivers

No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, such waiver shall be limited to the specific breach waived.

6.10 Time of Essence

Time is of the essence in respect of this Agreement.

6.11 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements among the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory with respect to the subject matter hereof among the Parties, other than as expressly set forth in this Agreement.

6.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

6.13 Facsimile Execution

Execution and delivery of this Agreement may be effected by any Party by facsimile or other electronic transmission of the execution page hereof to the other Parties, and such facsimile or other electronic copy will be legally effective to create a valid and binding agreement between the Parties.

[remainder of page intentionally left blank – signature page follows]

IN WITNESS WHEREOF the undersigned parties have executed this Registration Rights Agreement as of the date first written above.

CENOVUS ENERGY INC.

By: (signed) "Alex J. Pourbaix"
Name: Alex J. Pourbaix
Title: President & Chief Executive Officer

By: (signed) "Jonathan M. McKenzie"
Name: Jonathan M. McKenzie
Title: Executive Vice-President & Chief Financial Officer

HUTCHISON WHAMPOA EUROPE INVESTMENTS S.À R.L.

By: (signed) "Neil McGee"
Name: Neil McGee
Title: Manager

Signature Page – Registration Rights Agreement

CENOVUS ENERGY INC.

- and -

L.F. INVESTMENTS S.À R.L.

REGISTRATION RIGHTS AGREEMENT

January 1, 2021

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is made as of January 1, 2021

BETWEEN:

CENOVUS ENERGY INC., a corporation existing under the laws of Canada (the "**Corporation**")

- and -

L.F. INVESTMENTS S.À R.L., a *société à responsabilité limitée* existing under the laws of Luxembourg (the "**Shareholder**")

WHEREAS the Corporation and Husky Energy Inc. ("**Husky**") completed on the date hereof an arrangement under section 193 of the *Business Corporations Act* (Alberta) involving, among others, Husky, the Corporation and the shareholders of Husky ("**Arrangement**") pursuant to an arrangement agreement dated October 24, 2020 (the "**Arrangement Agreement**");

AND WHEREAS the Arrangement Agreement contemplated, among other things, that the Corporation shall, if requested in writing on or prior to the effective date of the Arrangement (the "**Effective Date**") by a beneficial holder holding more than 5% of the outstanding Common Shares (as defined herein) immediately after the consummation of the Arrangement, cause to be executed and delivered a registration rights agreement between the Corporation and such beneficial holder in the form attached to the Arrangement Agreement;

AND WHEREAS the Shareholder has requested that the Corporation enter into this Agreement, and has delivered evidence satisfactory to the Corporation that, on the Effective Date, the Shareholder is a beneficial holder of more than 5% of the outstanding Common Shares immediately after the consummation of the Arrangement and, in reliance thereof, the Corporation has agreed to enter into this Agreement with the Shareholder;

NOW THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties (as defined herein)), the Parties covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement:

- (a) "**Affiliate**" means as follows: a Person (first Person) is considered to be an Affiliate of another Person (second Person) if the first Person: (i) Controls the second Person, or (ii) is Controlled by the second Person, or (iii) is Controlled by another Person that Controls, directly or indirectly, the second Person;

- (b) "**Agreement**" means this registration rights agreement, as amended, restated or modified from time to time;
- (c) "**Applicable Securities Laws**" means, collectively, (i) the securities legislation of each of the provinces and territories of Canada, and all rules, regulations, blanket orders, instruments and policies established thereunder or issued by the Canadian Securities Regulatory Authorities, and including the rules and policies of the Toronto Stock Exchange, all as amended from time to time, and (ii) the U.S. Securities Act, the U.S. Exchange Act and all applicable state securities legislation of any state in the United States, in each case with all rules, regulations and orders promulgated thereunder, and including the rules of the New York Stock Exchange, all as amended from time to time; and in all cases as are applicable to the relevant Person at the applicable time;
- (d) "**Arrangement**" has the meaning ascribed thereto in the recitals;
- (e) "**Base Prospectus**" shall have the meaning set out in Section 2.1;
- (f) "**Blackout Period**" means:
- (i) the Corporation's regular annual and quarterly blackout periods as provided in the Disclosure Policy, which currently begin on the fourteenth day before the proposed release of the year-end or fiscal quarter financial results or budget information and end two full trading days after financial results or budget information are publicly disclosed; and
 - (ii) any other bona fide blackout periods designated by the Committee pursuant to and in conformity with the Disclosure Policy,
- provided that, subject to the right of the Corporation in its sole discretion, at any time and from time to time, to modify the allocation of days on a one-for-one basis as between clause (1) and (2) following, by up to an aggregate of five days in respect of each Registration Year, subject always to a maximum of 160 days for all blackout periods in each Registration Year, (1) the aggregate number of days subject to blackout periods under subsection 1.1(f)(i) shall not exceed 75 days during any Registration Year, and (2) the aggregate number of days subject to blackout periods under subsection 1.1(f)(ii) shall not exceed 75 days during any Registration Year;
- (g) "**Board of Directors**" or "**Board**" means the board of directors of the Corporation;
- (h) "**Business Day**" means any day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday or Sunday or statutory holiday in Alberta;
- (i) "**Canadian Base Prospectus**" shall have the meaning set out in Section 2.1;
- (j) "**Canadian Securities Regulatory Authorities**" means the securities regulatory authorities in each of the provinces and territories of Canada;
- (k) "**Committee**" means the Corporation's disclosure committee established by the Board to oversee the Corporation's disclosure policy practices, as described in the Disclosure Policy;

- (l) "**Common Shares**" means the common shares in the capital of the Corporation and includes any shares of the Corporation into which such shares may be converted, reclassified, subdivided, consolidated, exchanged or otherwise changed, whether pursuant to a reorganization, amalgamation, merger, arrangement or other form of reorganization;
- (m) "**Control**" means as follows: a Person (first Person) is considered to Control another Person (second Person) if:
- (i) the first Person beneficially owns, or controls or directs, securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors (or the equivalent) of the second Person unless that first person holds the voting securities only to secure an obligation;
 - (ii) the second Person is a partnership, other than a limited partnership, and the first Person directly or indirectly holds more than 50% of the interests of the partnership; or
 - (iii) the second Person is a limited partnership and the first Person is the general partner of the limited partnership;
- (n) "**Corporation**" means Cenovus Energy Inc. and any corporation resulting from the amalgamation, combination or merger of Cenovus Energy Inc. with another corporation or other corporations, any purchaser of all or substantially all of the assets of Cenovus Energy Inc., and any entity into which Cenovus Energy Inc. converts;
- (o) "**Corresponding RRA**" means an agreement in the form of this Agreement with any Person that constitutes a "Registration Rights Agreement" as defined in the Arrangement Agreement;
- (p) "**Demand Holder**" shall have the meaning set out in subsection 2.2(a);
- (q) "**Demand Registrable Securities**" shall have the meaning set out in subsection 2.2(a);
- (r) "**Demand Registration**" shall have the meaning set out in subsection 2.2(a);
- (s) "**Designated Registrable Securities**" means Demand Registrable Securities or Piggy Back Registrable Securities, as the case may be;
- (t) "**Disclosure Policy**" means the Corporation's Policy on Disclosure, Confidentiality and Employee Trading dated December 1, 2015, as such policy may be amended, supplemented or replaced from time to time;
- (u) "**Distribution Period**" shall have the meaning set out in subsection 3.1(d);
- (v) "**Existing RRA**" means that certain Registration Rights Agreement dated as of May 17, 2017 between the Corporation and ConocoPhillips Company, as in effect on the date of the Arrangement Agreement;
- (w) "**Governmental Authority**" means any stock exchange or any court, tribunal or judicial or arbitral body or other governmental department, regulatory agency or body, commission, board, bureau, agency, or instrumentality of Canada or the United States, or

of any country, state, province, territory, county, municipality, city, town or other political jurisdiction, whether domestic or foreign and whether now or in the future constituted or existing;

- (x) "**Holder**" means: (i) as of the date hereof, the Shareholder; and (ii) at any time after the date hereof, the Shareholder and any Affiliate to which the Shareholder (or a permitted transferee thereof) has transferred Registrable Securities in compliance with any and all applicable Transfer Restrictions and assigned this Agreement in accordance with Section 5.3;
- (y) "**misrepresentation**" means (i) an untrue statement of material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading;
- (z) "**Non-Base Prospectus**" means a Canadian Prospectus on Form 44-101F1 pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions*, or in the event the Corporation is no longer eligible to use Form 44-101F1, Form 41-101F1 pursuant to National Instrument 41-101 - *General Prospectus Requirements* and/or a Registration Statement under the U.S. Securities Act on Form F-10 or such successor form or, if the Corporation is no longer eligible to use Form F-10 or such successor form, such other form as the Corporation shall be eligible to use to register the Registrable Securities;
- (aa) "**Parties**" means, the Corporation, each Holder and their respective successors and permitted assigns hereunder, and "**Party**" means any one of them;
- (bb) "**Person**" means any individual, partnership, limited partnership, limited liability partnership, limited or unlimited liability company or corporation, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal personal representative or Governmental Authority or entity, however designated or constituted;
- (cc) "**Piggy Back Registrable Securities**" shall have the meaning set out in subsection 2.2(f);
- (dd) "**Piggy Back Registration**" shall have the meaning set out in subsection 2.2(f);
- (ee) "**Pre-emptive Right**" has the meaning given to it in the Pre-Emptive Rights Agreement;
- (ff) "**Pre-Emptive Rights Agreement**" means the pre-emptive rights agreement to be entered into between the Shareholder and the Corporation on the date hereof;
- (gg) "**Proposed Prospectus Filing Date**" means the date on which the Corporation plans, or the Demand Holder requests, as applicable, for such distribution to file a Prospectus Supplement;
- (hh) "**Prospectus**" means, collectively, a Base Prospectus and a Prospectus Supplement to such Base Prospectus;
- (ii) "**Prospectus Supplement**" means, as applicable, a prospectus supplement to the Canadian Base Prospectus, a supplement to the prospectus contained in the Registration Statement

and/or an amendment to the Registration Statement containing a prospectus supplement, in each case relating to the distribution of Registrable Securities;

- (jj) **"Registrable Securities"** means: (i) the 231,194,698 Common Shares beneficially owned by the Shareholder on the date hereof, including for certainty all Common Shares issued to the Shareholder pursuant to the Arrangement, and which may be held by other Holders upon a transfer of such Common Shares and corresponding assignment of this Agreement to other Holders in accordance with Section 5.3; (ii) any Common Shares that may be acquired by a Holder pursuant to an exercise of Warrants distributed to the Shareholder pursuant to the Arrangement; (iii) any Common Shares that may be acquired by a Holder pursuant to a Pre-emptive Right or any Common Shares that may be acquired by a Holder pursuant to an exercise of Convertible Securities (as defined in the Pre-Emptive Rights Agreement) acquired by a Holder pursuant to a Pre-emptive Right; (iv) any Common Shares or other securities of the Corporation issued as a dividend, distribution, exchange, share split, recapitalization, or other corporate event in respect of such Common Shares or Warrants; and (v) any Warrants, if and only if, such number of Warrants is less than or equal to the number of other Registrable Securities under (i)-(iv) above proposed to be included in the Secondary Registration;
- (kk) **"Registration"** means the qualification or registration, as applicable, of securities (or the distributions thereof) under Applicable Securities Laws so as to permit the distribution of such securities to the public in any or all of the provinces and territories of Canada and in the United States, in each case subject to the limitations contained herein;
- (ll) **"Registration Expenses"** means the expenses incurred in connection with the distribution of the Registrable Securities pursuant to this Agreement comprised of:
- (i) all fees, disbursements and expenses payable to not more than one Canadian and one U.S. counsel to the Holders (on an aggregate basis);
 - (ii) all fees, disbursements and expenses of counsel and auditors to the Corporation;
 - (iii) all expenses in connection with the preparation, translation, printing and filing of any preliminary prospectus, prospectus, prospectus supplement, registration statement, including the Prospectus, the Prospectus Supplement and the Registration Statement, or any other offering document and any amendments and supplements thereto and the mailing and delivering of copies thereof to any underwriters and dealers;
 - (iv) all registration and filing fees of any Canadian Securities Regulatory Authority, of the SEC and of any other Governmental Authority, including FINRA filing fees;
 - (v) all transfer agents', depositaries' and registrars' fees;
 - (vi) all expenses relating to the preparation of certificates;
 - (vii) all fees and expenses of any securities exchange on which the Common Shares are then listed;
 - (viii) all fees and expenses of printing and producing any agreements among underwriters, underwriting agreements, "blue sky" or legal investment

memoranda, and any selling agreements or other documents in connection with the sale of Registrable Securities;

- (ix) all expenses of the Corporation relating to any analyst or investor presentations and any marketing activities and all travel and lodging expenses of the Corporation in connection with such presentations and marketing activities; and
- (x) any fees and expenses of the underwriters, other than Selling Expenses, customarily paid by issuers or sellers of securities, but shall not include any Selling Expenses;
- (mm) "**Registration Statement**" shall have the meaning set out in Section 2.1;
- (nn) "**Registration Year**" means each consecutive 365-day period during the term of this Agreement, with the first Registration Year commencing on the date hereof;
- (oo) "**Representatives**" means, with respect to any Person, any of such Person's directors, officers, employees, consultants, advisors, agents or other Person acting on behalf of the first Person;
- (pp) "**SEC**" means the United States Securities and Exchange Commission;
- (qq) "**Secondary Registration**" means a Piggy Back Registration or a Demand Registration, as the case may be;
- (rr) "**Selling Expenses**" means any fees or commissions payable, or discounts granted, to an underwriter, investment banker, manager or agent in connection with the distribution of the Registrable Securities or other Common Shares pursuant to this Agreement and any transfer taxes attributable to a sale of Registrable Securities or other Common Shares pursuant to this Agreement;
- (ss) "**Standstill Agreements**" means the standstill agreements entered into between the Supporting Husky Shareholders and the Corporation, dated as of October 24, 2020;
- (tt) "**Supporting Husky Shareholders**" means Hutchison Whampoa Europe Investments S.à r.l. and L.F. Investments S.à r.l.;
- (uu) "**Transfer Restrictions**" means any restrictions or conditions on the transfer of Registrable Securities by a Holder pursuant to any Applicable Securities Laws, any order or requirement of a Governmental Authority, or any agreement between the Holder and the Corporation;
- (vv) "**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and all rules, regulations and orders promulgated thereunder;
- (ww) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and all rules, regulations and orders promulgated thereunder;
- (xx) "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia; and

(yy) **"Warrants"** means the share purchase warrants of the Corporation issued on the date hereof pursuant to the Arrangement, each having an exercise price of \$6.54 and a five-year term (subject to adjustment in certain circumstances).

1.2 Headings for Reference Only

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Construction and Interpretation

The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party because of the authorship of any provision of this Agreement.

Words importing the singular number only shall include the plural and vice versa (including, for certainty, with respect to the defined terms Holders and Holder). Words importing gender shall include all genders. If a word is defined in this Agreement, a grammatical derivative of that word will have a corresponding meaning. Where the word **"including"** or **"includes"** is used in this Agreement it means **"including without limitation"** or **"includes without limitation"**, respectively. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

A reference herein to any statute includes every regulation (and other similar ancillary instrument having the force of law) made pursuant thereto, all amendments to the statute or to any such regulation (or other similar ancillary instrument) in force from time to time, and any statute or regulation (or other similar ancillary instrument) which supplements or supersedes such statute or regulation (or other similar ancillary instrument); and a reference to any section or provision of a statute includes all amendments to such section or provision, as made from time to time, and all sections or provisions which supplement or supersede such section or provision referred to herein.

Where this Agreement states that a Party **"will"**, **"must"** or **"shall"** perform in some manner or otherwise act or omit to act, it means that such Party is legally obligated to do so in accordance with this Agreement.

The terms **"hereof"**, **"herein"**, **"hereunder"**, **"hereto"** and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections, subsections, paragraphs and subparagraphs are to Articles, Sections, subsections, paragraphs and subparagraphs of this Agreement.

For the purposes of this Agreement, the number of **"then-outstanding Common Shares"** shall be equal to the actual number of outstanding Common Shares at such time.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

All sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted.

ARTICLE 2 REGISTRATION RIGHTS

2.1 Filing and Maintenance of Base Prospectus

- (a) At all times after the date that is 18 months after the Effective Date, the Corporation shall maintain a short form base shelf prospectus (the "**Canadian Base Prospectus**") filed with the Canadian Securities Regulatory Authorities and a registration statement on Form F-10 or such successor form or, if the Corporation is no longer eligible to use Form F-10 or such successor form, such other form as the Corporation shall be eligible to use to register the Registrable Securities (the "**Registration Statement**" and collectively with the Canadian Base Prospectus, the "**Base Prospectus**"), containing a base shelf prospectus filed with the SEC qualifying the Registrable Securities for distribution under Applicable Securities Laws. The Corporation shall cause the Base Prospectus to contain a plan of distribution consistent with the terms of this Agreement and approved in advance by the Holders acting reasonably.
- (b) In the event that the Base Prospectus is not effective or required under Section 2.1(a) at any time during the term of this Agreement, the rights and obligations contained herein shall apply to a Non-Base Prospectus and all references in this Agreement to Prospectus Supplement shall apply *mutatis mutandis* to a Non-Base Prospectus.

2.2 Required Registration

- (a) Subject to the provisions hereof, at any time and from time to time during the term of this Agreement, one or more Holders (each such Holder, a "**Demand Holder**") may request the Corporation to file a Prospectus Supplement offering all or part of the Registrable Securities (such offering being hereinafter referred to as a "**Demand Registration**"). Such a request shall be in writing and shall specify the Proposed Prospectus Filing Date, number of Registrable Securities to be sold (the "**Demand Registrable Securities**"), the intended method of disposition and the jurisdictions in which the Demand Holders, acting reasonably, request that the Demand Registration be effected and contain the undertaking of the Demand Holders making the request to provide all such information regarding such Demand Holders as may be required in order to permit the Corporation to comply with all Applicable Securities Laws with respect to such Demand Registration. The Holders may not make more than three requests for Demand Registrations in any Registration Year and a request for a Demand Registration by any Demand Holder shall be delivered not more than 21 days and not less than 10 days, prior to the Proposed Prospectus Filing Date for such Demand Registration. The Holders shall not request a Demand Registration to be conducted in a manner that would require the filing of a prospectus, registration statement or other disclosure document in a jurisdiction outside Canada or the United States or subject the Corporation to continuous disclosure obligations under applicable securities laws in any such other jurisdiction. No offering of Registrable Securities under this subsection 2.2(a) shall relieve the Corporation of its obligations to effect Piggy Back Registrations pursuant to subsection 2.2(f).

- (b) Subject to subsection 2.2(c), each Demand Registration shall be for such number of Demand Registrable Securities as requested by the Demand Holders.
- (c) The Corporation shall have the right, by providing written notice to the Demand Holder not less than five days prior to the Proposed Prospectus Filing Date (or, no more than once per Registration Year, if (x) the Demand Holder expects such offering to be conducted as a block trade or bought deal and such expectation is indicated in the applicable Demand Registration request and (y) the Demand Holder may not sell the Common Shares that it intends to sell under the applicable Demand Registration request in the United States pursuant to Rule 144 under the U.S. Securities Act without being subject to the limitations imposed by volume and manner of sale restrictions contained therein on the date of such request, then the Corporation shall have three days after receiving such Demand Registration request to provide notice to the Demand Holder), to offer and sell Common Shares as part of any Demand Registration initiated by the Demand Holders under this Agreement. If the managing underwriter or underwriters advise(s) the Corporation that, in such firm's good faith view, the number of Demand Registrable Securities and other securities requested to be included in such Demand Registration exceeds the number that can be sold in such offering without being likely to have an adverse effect upon the price, timing or distribution of the offering and sale of the Demand Registrable Securities, then the Corporation shall include in such Demand Registration:
 - (i) first, the Demand Registrable Securities to be included in such Demand Registration; and
 - (ii) second, the other Common Shares sought to be included by the Corporation or any other stockholder that can be sold without having the adverse effect referred to above, pro rata on the basis of the relative number of such other Common Shares sought to be included by the Corporation and such other Persons.
- (d) Notwithstanding anything to the contrary herein, the Corporation shall have no obligation to file a Prospectus Supplement pursuant to any request under subsection 2.2 (a) during the 90-day period following the date on which the Corporation most recently filed a Prospectus Supplement or Non-Base Prospectus, and any such request shall be invalid and of no force or effect hereunder.
- (e) The Corporation shall be entitled to postpone the filing of a Prospectus Supplement otherwise required to be prepared and filed by it pursuant to this Section 2.2 (but not the preparation of such Prospectus Supplement) or may request that Holders suspend the use of any Prospectus Supplement that has been filed by it pursuant to this Section 2.2 if a Blackout Period is in effect or occurs after a Demand Registration request has been received but before the Demand Registration has been effected. The Corporation will give written notice of its determination, pursuant to this subsection 2.2(d), to postpone the filing of a Prospectus Supplement otherwise required to be prepared and filed by it pursuant to this Section 2.2 or to request that Holders suspend the use of any Prospectus Supplement that has been filed by it pursuant to this Section 2.2, including a general description of the basis for such determination, promptly after the occurrence thereof. If the Corporation exercises its rights under this subsection 2.2(d), it shall, as promptly as practicable following the expiration of the applicable postponement or suspension period, file or update and use its commercially reasonable efforts to cause the effectiveness of the postponed or suspended Prospectus Supplement. If the Corporation, pursuant to this subsection 2.2(d), postpones the filing of a Prospectus Supplement with respect to a

Demand Registration and if the Holder within 30 days after receipt of notice from the Corporation advises the Corporation in writing that it has determined to withdraw such request for a Demand Registration, such request for a Demand Registration will be deemed to be withdrawn and such request will be deemed to have not been given for purposes of determining whether the Demand Holders have exercised their rights to a Demand Registration permitted to such Holders pursuant to this Section 2.2.

- (f) A Demand Holder may, at any time prior to the date on which the Corporation enters into a binding underwriting agreement in connection with a Demand Registration, revoke such Demand Holder's Demand Registration in whole or in part. The Demand Holders may revoke a Demand Registration in whole once per Registration Year without being responsible for any Registration Expenses incurred in respect of such Demand Registration. The Demand Holders shall be responsible for all Registration Expenses incurred in connection with each other revocation of a Demand Registration during a Registration Year. Each revoked Demand Registration shall constitute a Demand Registration for purposes of the limitation on the number of Demand Registrations in any Registration Year contained in subsection 2.2(a), in each case unless (i) the Corporation has previously notified the Demand Holder that it intends to register securities in connection with such Demand Registration and in fact completes such registration notwithstanding the revocation by the Demand Holder or (ii) the Corporation and such Demand Holders mutually agree not to proceed with such Demand Registration. Notwithstanding anything in this Agreement to the contrary, a request for a Demand Registration shall not be deemed to be effective if, at any time after it has become effective, such Demand Registration is interfered with by any stop order, cease trade order, injunction or other order or requirement of the SEC or other Governmental Authority for any reason other than a misrepresentation by a Holder relating to such Demand Registration.
- (g) If during the term of this Agreement the Corporation proposes to file a Prospectus Supplement in Canada and/or with the SEC in order to permit the issuance of its Common Shares pursuant to a public offering (a "**Corporation-Initiated Registration**") or the sale of its Common Shares pursuant to a demand made under the Existing RRA or any Corresponding RRA (a "**Securityholder-Initiated Registration**"), in a form and manner that, with appropriate changes, would permit the offering of Registrable Securities under such Prospectus Supplement, the Corporation shall give reasonably prompt written notice of its intention to do so to the Holders and shall use commercially reasonable efforts to include in the proposed distribution such number of Designated Registrable Securities (the "**Piggy Back Registrable Securities**") as the Holders shall request (such offering hereinafter referred to as a "**Piggy Back Registration**") within five (5) days after the giving of such notice (provided that if the Corporation expects such offering to be conducted as a block trade or bought deal and such expectation is indicated in the applicable notice, then the Holders shall have one (1) Business Day after the giving of notice by the Corporation to provide such request), upon the same terms (including the method of distribution) as such distribution. If the managing underwriter or underwriters advise(s) the Corporation that, in such firm's good faith view, the number of Piggy Back Registrable Securities and other securities requested to be included in such Piggy Back Registration exceeds the number that can be sold in such offering without being likely to have an adverse effect upon the price, timing or distribution of the offering and sale of the Piggy Back Registrable Securities and other securities, then the Corporation shall include in such Piggy Back Registration:
- (i) first,

- (A) in the case of a Corporation-Initiated Registration, the Common Shares to be included by the Corporation in such Piggy Back Registration; or
 - (B) in the case of a Securityholder-Initiated Registration, the Common Shares to be included by the Person making the demand under the Existing RRA or any Corresponding RRA, as applicable;
- (ii) second, in the case of a Corporation-Initiated Registration only, only if and to the extent required pursuant to the Existing RRA, any Common Shares sought to be included pursuant to an exercise of rights under the Existing RRA;
 - (iii) third, the Piggy Back Registrable Securities sought to be included, and any other Common Shares sought to be included pursuant to an exercise of rights by any Person under any Corresponding RRA, that can in either case be sold pursuant to an exercise of rights referred to above, pro rata on the basis of the relative number of then-outstanding Common Shares beneficially owned by the Holder(s) and such other Persons, as the case may be; and
 - (iv) fourth, any other securities sought to be included by any other Person that can be sold without having the adverse effect referred to above, pro rata on the basis of the relative number of such other securities owned by such other Persons.

The Corporation may at any time, at its sole discretion and without the consent of the Holders, withdraw such Prospectus Supplement and abandon the proposed distribution in which the Holders requested to participate. The failure of the Holders to respond within the periods referred to in the immediately preceding sentence shall be deemed to be a waiver of the Holders' rights under this subsection 2.2(g) with respect to such Piggy Back Registration. The Holders may also waive their rights under this subsection 2.2(g) by giving written notice to the Corporation. No offering of Registrable Securities under this subsection 2.2(g) shall relieve the Corporation of its obligations to effect Demand Registrations pursuant to subsection 2.2(a).

2.3 Selection of Underwriters for Underwritten Demand Registrations

Upon requesting a Demand Registration for an underwritten offering of Registrable Securities, the Demand Holders shall select the investment banker(s) and manager(s) to effect the distribution in connection with such underwritten Demand Registration, it being acknowledged by the Holders that the participation of a registrant shall be required in Canada and a registered broker-dealer in the United States in connection with each underwritten Secondary Registration hereunder and it being further acknowledged that the investment banker(s) and/or manager(s) selected by the Demand Holders must be of nationally recognized standing in the United States and/or Canada (as applicable). Notwithstanding the foregoing, the Holders acknowledge that the Corporation shall have the sole right to select the investment banker(s) and manager(s) to effect the distribution in connection with any Piggy Back Registration and shall have no obligation to consult with the Holders with respect to such selection.

2.4 Registration Expenses and Selling Expenses.

- (a) Subject to subsection 2.2(e), the Corporation shall be responsible for all Registration Expenses.

- (b) Each of the Corporation and the Holders shall be responsible for the Selling Expenses on any Demand Registration or Piggy Back Registration in proportion to their respective amounts of Common Shares sold in any such offering.

2.5 Other

- (a) During the term of this Agreement, the Corporation will take all actions necessary to maintain the listing of the Registrable Securities on the Toronto Stock Exchange and the New York Stock Exchange.
- (b) During the term of this Agreement, the Corporation shall provide to the Holders, promptly following the entering into of this Agreement in respect of the current year as of the date hereof and subsequently not later than December 15 of any year, the Corporation's timetable for scheduled Blackout Periods for the succeeding year, and will promptly advise the Holders in writing if the timetable for such scheduled Blackout Periods changes during the course of the year.

ARTICLE 3 **REGISTRATION PROCEDURES**

3.1 Procedures

Upon receipt of a request from the Holders pursuant to Section 2.2, the Corporation will, subject to Section 2.2, effect the Secondary Registration as requested. In particular, the Corporation will, in each case as applicable:

- (a) use commercially reasonable efforts to prepare and file, as soon as reasonably practicable, in the English language and, if required, French language, a Prospectus Supplement under and in compliance with Applicable Securities Laws of each Canadian jurisdiction in which the Secondary Registration is to be effected and such other related documents as may be reasonably necessary to be filed in connection with such Prospectus Supplement and take all other steps and proceedings that may be reasonably necessary in order to permit a registered public offering (whether or not underwritten) of the Designated Registrable Securities by the Holders in the applicable Canadian jurisdictions;
- (b) use commercially reasonable efforts to prepare and file, as soon as reasonably practicable, with the SEC a Prospectus Supplement, covering the distribution of the Designated Registrable Securities and such other related documents as may be reasonably necessary to be filed in connection with such Prospectus Supplement and take all other steps and proceedings that may be reasonably necessary in order to permit a registered public offering (whether or not underwritten) of the Designated Registrable Securities by the Holders in the United States;
- (c) use commercially reasonable efforts to prepare and file with the applicable Canadian Securities Regulatory Authorities in the Canadian jurisdictions in which the Secondary Registration is to be effected and with the SEC such amendments and supplements to the Prospectus Supplement, as may be reasonably necessary to comply with the provisions of Applicable Securities Laws with respect to the Registration of Designated Registrable Securities, and take such steps as are reasonably necessary to maintain the effectiveness of the Prospectus and the Registration Statement during the term of this Agreement;

- (d) notify promptly each Holder of Registrable Securities under a Registration Statement or Canadian Base Prospectus and, if requested by such Holder, promptly confirm such advice in writing: (i) when a Registration Statement or Canadian Base Prospectus has become effective and when any post-effective amendment or supplement thereto becomes effective; (ii) of any request by the SEC, any U.S. state securities authority or any Canadian Securities Regulatory Authority for additional information after the Registration Statement or Canadian Base Prospectus has become effective or for any post-effective amendment or supplement to a Registration Statement or Canadian Base Prospectus; (iii) of the issuance by the SEC, any U.S. state securities authority or any Canadian Securities Regulatory Authority of any stop order or cease trade order suspending the effectiveness of a Registration Statement or Canadian Base Prospectus or the initiation of any proceedings for that purpose; (iv) if, between the effective date of a Registration Statement or Canadian Base Prospectus and the closing of any sale of Registrable Securities pursuant to this Agreement covered by such Registration Statement, the representations and warranties of the Corporation contained in any underwriting agreement or similar agreement, if any, relating to the offering cease to be true and correct in all material respects; (v) of the happening of any event or the discovery of any facts during the period a Registration Statement or Canadian Base Prospectus is effective as a result of which such Registration Statement or Canadian Base Prospectus or any document incorporated by reference therein contains any misrepresentation; (vi) of the receipt by the Corporation of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (vii) if for any other reason it shall be necessary to amend or supplement the Registration Statement, the Prospectus or the Canadian Base Prospectus in order to comply with Applicable Securities Laws; and (viii) of the filing of any post-effective amendment to the Registration Statement or Canadian Base Prospectus that is not automatically effective upon filing;
- (e) use commercially reasonable efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by the Holders of the Designated Registrable Securities covered by the Prospectus Supplement under such other securities or "blue sky" laws of such jurisdictions as designated by the Holders, acting reasonably, in the request for Demand Registration, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be reasonably necessary to maintain their effectiveness until the time at which the distribution of the Designated Registrable Securities is completed (the "**Distribution Period**"), (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Distribution Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Designated Registrable Securities for sale in such jurisdictions; provided, however, that the Corporation shall not be required in connection therewith or as a condition thereto to (A) qualify to do business as a foreign corporation or dealer in any jurisdiction where it would not otherwise be required to qualify but for this subsection 3.1(e), (B) subject itself to any taxation in any such jurisdiction, or (C) consent to general service of process in such jurisdiction. The Corporation shall promptly notify the Holders of the receipt by the Corporation of any notification with respect to the suspension of the registration or qualification of any of the Designated Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose;

- (f) unless such documents are publicly available via EDGAR or SEDAR, furnish to the Holders and any underwriter or underwriters of any such distribution, upon their request, such number of copies of the Base Prospectus, any Prospectus Supplement and any amendment and supplement thereto (including any documents incorporated therein by reference) and such other relevant documents as the Holders may reasonably request in order to facilitate the distribution of the Designated Registrable Securities;
- (g) unless such documents are publicly available via EDGAR or SEDAR, furnish to the Holders and any underwriter or underwriters of any such distribution, upon their request, at least one conformed copy of each Registration Statement and each Canadian Base Prospectus and any post-effective amendment to either of them, including financial statements and schedules (including all documents incorporated therein by reference and all exhibits thereto);
- (h) furnish to counsel for the Holders copies of any comment letters relating to the selling Holders received from the SEC or any Canadian Securities Regulatory Authorities or any other request by the SEC or any Canadian Securities Regulatory Authorities for amendments or supplements to the Base Prospectus or any Prospectus Supplement or for additional information relating to the selling Holders, provided that the Corporation shall not be required to provide copies of any non-substantial routine correspondence with the SEC or Canadian Securities Regulatory Authorities that does not specifically relate to the selling Holders or any information the disclosure of which would be restricted by applicable privacy laws or other laws governing the treatment of personal information;
- (i) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the Base Prospectus or any Prospectus Supplement at the earliest possible moment;
- (j) cooperate with the selling Holders to facilitate the timely preparation and delivery of certificates and opinions of counsel necessary to remove any restrictive legends associated with the Registrable Securities to enable such securities to be sold by the selling Holders (whether in a registered or unregistered transaction) as the selling Holders may reasonably request;
- (k) furnish to the Holders and any underwriter or underwriters of any such distribution and such other persons as the Holders may reasonably specify:
 - (i) an opinion or opinions of counsel to the Corporation addressed to the Holders and the underwriter or underwriters of such distribution and dated the closing date of the distribution, which opinion(s) shall be in form, scope and substance customary for an offering of the type contemplated by the applicable Secondary Registration, having regard to the form of opinions given by the Corporation's counsel in prior public offerings by the Corporation, and reasonably satisfactory to the Holders and any underwriters;
 - (ii) a customary "comfort letter" addressed to the Holders (subject to the auditors' receipt of required representation letters from the Holders) and the underwriter or underwriters dated the date of the Prospectus Supplement and the closing date of the distribution signed by the auditors of the Corporation (and, if necessary, any other auditors of any subsidiary of the Corporation or of any business acquired by the Corporation for which financial statements are, or are required to be, included

in the Prospectus), in customary form and covering such matters of the type customarily covered by "comfort letters" as the Holder and managing underwriter reasonably requests;

- (iii) if a Prospectus Supplement is filed in Quebec, opinions of Quebec counsel to the Corporation and the auditors of the Corporation addressed to the Holders and the underwriter or underwriters of such distribution relating to the translation of the Prospectus and compliance with French language laws, such opinions being dated the dates of the preliminary prospectus supplement, the final prospectus supplement and closing; and
 - (iv) such corporate certificates as are reasonably requested in connection with such distribution, and, in each case, covering substantially the same matters as are customarily covered in such documents in the relevant jurisdictions and such other matters as the Holders may reasonably request;
- (l) make available to the underwriter or underwriters in connection with any Secondary Registration reasonable access to the senior management of the Corporation for investor and analyst calls and meetings with respect to such Secondary Registrations;
 - (m) use commercially reasonable efforts to provide any additional cooperation reasonably requested by the underwriters in the offering, marketing or selling of the Registrable Securities;
 - (n) as promptly as practicable after delivery of a notice under Section 3.1(d)(v), use commercially reasonable efforts to prepare a supplement or amendment to the Registration Statement or Prospectus, as applicable, or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities, such Registration Statement or Prospectus will not include a misrepresentation;
 - (o) otherwise use its commercially reasonable efforts to comply with all Applicable Securities Laws;
 - (p) provide a transfer agent and registrar for such securities no later than the closing date of the offering;
 - (q) enter into customary agreements (including an underwriting agreement with the underwriter or underwriters), such agreements to contain such representations and warranties by the Corporation and such other terms and conditions as are customary for such offering (including customary indemnity and contribution provisions), having regard to the form of underwriting agreements entered into by the Corporation in prior public offerings, and take all such other actions as permitted by law as the Holders or the underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the distribution of the Designated Registrable Securities;
 - (r) in the event of the issuance of any order or ruling suspending the distribution of securities under the Prospectus from the Canadian Securities Regulatory Authorities or the effectiveness of the Registration Statement from the SEC, or any order suspending or preventing the use of the Prospectus or suspending the Secondary Registration of any of the Designated Registrable Securities or cease trading the distribution in any applicable

province or territory of Canada or in the United States, the Corporation will, as expeditiously as possible after actual knowledge by the Corporation thereof, notify the Holders of such event and use its commercially reasonable efforts promptly to obtain the withdrawal of such order or ruling;

- (s) a reasonable time prior to (and again within two Business Days following) the filing of any Registration Statement, any prospectus (including any Prospectus), any Canadian Base Prospectus, any Prospectus Supplement, or any amendment or supplement to any of the foregoing, provide copies of such documents to the Holders and the underwriters (if any), and make such changes in any of the foregoing documents prior to the filing thereof, or in the case of changes received from counsel to the Holders by filing an amendment or supplement thereto, as the Holders, underwriters or their respective counsel reasonably requests, and not file any such document in a form to which any Holder or underwriter (if any) shall not have previously been advised and furnished a copy of or to which counsel for the Holders or the underwriters (if any) shall reasonably object, and not including in any amendment or supplement to such documents any information about the Holders or any change to the plan of distribution of the Registrable Securities that would limit the method of distribution of the Registrable Securities unless counsel for the Holders has been advised in advance and approved such information or change, and make available Representatives of the Corporation to the extent reasonably requested to discuss such documents (and any proposed revisions thereto);
- (t) otherwise comply with all Applicable Securities Laws and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least twelve months which shall satisfy the provisions of Section 11(a) of the U.S. Securities Act and Rule 158 thereunder and any other similar Applicable Securities Laws;
- (u) cooperate and assist in any filings required to be made with the U.S. Financial Industry Regulatory Authority, as applicable, and in the performance of any due diligence investigation by any underwriter and its counsel in connection therewith; and
- (v) promptly prepare and file French translations of all documents incorporated by reference into the Base Prospectus.

3.2 Obligations of the Holders

In connection with any Secondary Registration, the Holders shall:

- (a) provide, in writing, such information with respect to the Holders, including the number of securities of the Corporation held by the Holders, as may be required by the Corporation to comply with Applicable Securities Laws in each jurisdiction in which the Secondary Registration is to be effected;
- (b) if required under Applicable Securities Laws, execute any certificate forming part of a preliminary prospectus, final prospectus, registration statement or similar document to be filed with the applicable Canadian Securities Regulatory Authorities or the SEC;
- (c) as expeditiously as possible following actual knowledge by the Holder thereof, notify the Corporation of the happening of any event during the Distribution Period, as a result of which the Prospectus or the Registration Statement, as in effect, would include a

- misrepresentation with respect to any information provided by such Holder pursuant to subsection 3.2(a);
- (d) comply with all Applicable Securities Laws with respect to such Secondary Registration;
 - (e) provide such information to the Corporation regarding the conduct and process of any Demand Registration that the Corporation may reasonably request; and
 - (f) not effect or permit to be effected sales of Designated Registrable Securities held by the applicable Holder pursuant to the Prospectus, or deliver or permit to be delivered the Prospectus in respect of such sale, after notification by the Corporation of any order or ruling suspending the effectiveness of the Prospectus or after notification by the Corporation under subsection 3.1(r), until the Corporation advises the Holders that such suspension has been lifted or that it has filed an amendment to the Prospectus and has provided copies of such amendment to the Holders. The Holders shall, if so directed by the Corporation, deliver to the Corporation (at the Corporation's expense) all copies, other than permanent file copies, then in the Holders' possession of the Prospectus covering the Designated Registrable Securities that was in effect at the time of receipt of such notice.

3.3 Covenants Relating To Rule 144

With a view to making available to the Holders the benefits of Rule 144 promulgated under the U.S. Securities Act or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell securities of the Corporation to the public without registration, the Corporation agrees to: (a) make and keep public information available as is necessary to permit sales pursuant to Rule 144 under the U.S. Securities Act; (b) file with the SEC in a timely manner all reports and other documents required of the Corporation under the U.S. Securities Act and the U.S. Exchange Act for so long as the filing of such reports and other documents is required for the applicable provisions of Rule 144 promulgated under the U.S. Securities Act; (c) furnish to each Holder promptly upon request such other information as may be reasonably requested to permit the Holder to sell such securities pursuant to Rule 144 promulgated under the U.S. Securities Act without registration; and (d) upon request of the Holder, cause any restrictive legends associated with any securities to be sold pursuant to Rule 144 promulgated under the U.S. Securities Act to be removed, including by obtaining from counsel for the Corporation a legal opinion authorizing the removal of such legends.

ARTICLE 4

DUE DILIGENCE; INDEMNIFICATION

4.1 Preparation; Reasonable Investigation

In connection with the preparation and filing of a Prospectus Supplement as herein contemplated, the Corporation will give the Holders and the underwriter or underwriters of such distribution and their respective counsel, auditors and other representatives, the opportunity to participate in the preparation of such documents and each amendment thereof or supplement thereto, and shall insert therein such material relating to the Holders furnished to the Corporation in writing, which is required under Applicable Securities Laws or in the reasonable judgment of the parties and/or their respective counsel should be included, and will, subject to the confirmation of the recipients' obligations as to the confidential treatment of such information, give each of them such reasonable and customary access to the Corporation's books and records and such reasonable and customary opportunity to discuss the business of the Corporation with its officers and auditors as shall be necessary in the reasonable opinion of the Holders and the underwriter or underwriters and their respective counsel, and to conduct all reasonable and customary due diligence

which the Holders and the underwriter or underwriters and their respective counsel may reasonably require in order to conduct a reasonable investigation for purposes of establishing, to the extent permitted by law, a due diligence defense as contemplated by Applicable Securities Laws and in order to enable such underwriters to execute any certificate required to be executed by them in Canada or the United States for inclusion in each such document.

4.2 Indemnification

- (a) The Corporation agrees to indemnify and hold harmless, to the extent permitted by law, the Holders and each Person who participates as an underwriter in the offering or sale of the Designated Registrable Securities, and each of their respective directors, officers, employees and agents and each Person who controls any such underwriter or Holder (within the meaning of any Applicable Securities Laws) against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable fees and expenses of counsel) arising out of or based upon:
- (i) any information or statement contained in, or any omission of any information or statement in, the Registration Statement, including all documents incorporated therein by reference (other than any information which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1), which at the time and in light of the circumstances under which it was made contains or, in the case of an omission, gives rise to, a misrepresentation, or is alleged to contain or, in the case of an omission, give rise to, a misrepresentation;
 - (ii) any information or statement contained in, or any omission of any information or statement in, the Prospectus, any filing made in connection with the Secondary Registration under the securities or other "blue sky" laws or any amendment thereto, including all documents incorporated in any such Prospectus, filing or amendment by reference (other than any information which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1), which at the time and in light of the circumstances in which it was made contains, or, in the case of an omission, gives rise to, a misrepresentation or is alleged to contain, or, in the case of an omission, give rise to, a misrepresentation;
 - (iii) any order made or inquiry, investigation or proceedings commenced or threatened by any applicable securities regulatory authority, court or other competent authority based upon any misrepresentation, alleged misrepresentation or any omission giving rise to, or alleged to give rise to, any misrepresentation in the Prospectus or any amendment thereto (other than any such misrepresentation contained in any information which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1) or based upon any failure or alleged failure to comply with Applicable Securities Laws (other than any failure to comply with Applicable Securities Laws by any Holder or the underwriters, as applicable, which is not as a result of a failure or an alleged failure of the Corporation to comply with Applicable Securities Laws); or

- (iv) noncompliance by the Corporation with any Applicable Securities Laws in connection with a Secondary Registration and the distribution effected thereunder, except in the case of any of the foregoing insofar as such noncompliance was caused by the Holders' or any underwriter's failure to deliver to a purchaser of Designated Registrable Securities, a copy of the Prospectus or any amendments or supplements thereto or to otherwise comply with Applicable Securities Laws in a manner which is not a result of a failure or an alleged failure of the Corporation to comply with Applicable Securities Laws.

- (b) The Holders agree to indemnify and hold harmless, to the extent permitted by law, the Corporation and each Person who participates as an underwriter in the offering or sale of the Designated Registrable Securities, and each of their respective directors, officers, employees and agents and each Person who controls such underwriters (within the meaning of any Applicable Securities Laws) against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable fees and expenses of counsel) arising out of or based upon:
 - (i) any information or statement contained in, or any omission of any information or statement in, the Registration Statement, including all documents incorporated therein by reference, which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1, which at the time and in light of the circumstances under which it was made contains or, in the case of an omission, gives rise to, a misrepresentation, or is alleged to contain or, in the case of an omission, give rise to, a misrepresentation;
 - (ii) any information or statement contained in, or any omission of any information or statement in, the Prospectus, any filing made in connection with the Registration under the securities or other "blue sky" laws or any amendment thereto, including all documents incorporated in any such Prospectus, filing or amendment by reference, which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1 which at the time and in light of the circumstances in which it was made contains, or, in the case of an omission, gives rise to, a misrepresentation or is alleged to contain, or, in the case of an omission, give rise to, a misrepresentation;
 - (iii) any order made or inquiry, investigation or proceedings commenced or threatened by any applicable securities regulatory authority, court or other competent authority based upon (A) any misrepresentation, alleged misrepresentation or any omission giving rise to, or alleged to give rise to, any misrepresentation in the Prospectus or any amendment thereto based upon any information or statement which has been furnished to the Corporation by the Holders in writing expressly for use therein pursuant to subsection 3.2(a) or Section 4.1, or (B) any failure or an alleged failure to comply with Applicable Securities Laws by the Holders which is not as a result of a failure or alleged failure of the Corporation to comply with Applicable Securities Laws;
 - (iv) noncompliance by a Holder with any Applicable Securities Laws in connection with a distribution of Registrable Securities; or

- (v) the Holders' failure to deliver to a purchaser of Designated Registrable Securities, a copy of the Prospectus or any amendments or supplements thereto or to otherwise comply with Applicable Securities Laws in a manner which is not a result of a failure or an alleged failure of the Corporation to comply with Applicable Securities Laws, except in the case of any of the foregoing insofar as such noncompliance was caused by the Corporation or any underwriter's failure to deliver to a purchaser of Designated Registrable Securities a copy of the Prospectus or any amendments or supplements thereto or to otherwise comply with Applicable Securities Laws.
- (c) Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any failure to give notice pursuant to this subsection 4.2(c) shall not relieve the indemnifying party of its obligations under this Section 4.2 unless such failure to give notice results in material prejudice against such indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel satisfactory to the indemnified party, acting reasonably. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld, conditioned or delayed). An indemnified party shall have the right to employ separate counsel in any such suit and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the indemnified party unless: (i) the indemnifying party fails to assume the defence of such suit on behalf of the indemnified party within a reasonable period of time; (ii) the employment of such counsel has been authorized in writing by the indemnifying party; (iii) the named parties include both the indemnifying party and the indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them; or (iv) the named parties to any such suit or proceeding include both the indemnified party and the indemnifying party and the indemnified party has reasonably concluded that there may be one or more legal defences available to the indemnified party which are different from or in addition to those available to the indemnifying party, in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defence of such suit or proceeding on behalf of the indemnified party and shall be liable to pay the reasonable fees and expenses of counsel for the indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to any local counsel) for all such indemnified parties. No indemnifying party may settle any claims without the express written consent of an indemnified party (such consent not to be unreasonably withheld, conditioned or delayed where such consent does not contain any admission of liability, includes an unconditional release of such indemnified party from any liabilities arising out of such claim and has as its only obligation on the indemnified party the payment of funds for which the indemnifying party has unconditionally agreed to provide indemnity under this Section 4.2).
- (d) The indemnification provided for under this Agreement will survive the expiry of this Agreement and will remain in full force and effect regardless of any investigation made by

or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive any transfer of securities pursuant thereto. In the event the indemnification is unavailable in whole or in part for any reason under this Section 4.2, the Corporation and the Holders shall contribute to the aggregate of all losses, claims, actions, damages, liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the Corporation and the Holders in connection with the event giving rise to liability. No Person that has been determined by a court of competent jurisdiction in a final judgment to have engaged in fraud, willful misconduct, fraudulent misrepresentation or negligence shall be entitled to claim indemnification or contribution pursuant to subsection 4.2(b) or this subsection 4.2(d), as applicable, from any Person who has not also been so determined to have engaged in such fraud, willful misconduct, fraudulent misrepresentation or negligence.

- (e) The Corporation hereby acknowledges and agrees that, with respect to this Section 4.2, each Holder is contracting on its own behalf and as agent for the other indemnified persons referred to in subsection 4.2(a). In this regard, each Holder will act as trustee for such indemnified persons of the covenants of the Corporation under this Section 4.2 with respect to such indemnified persons and accepts these trusts and will hold and enforce those covenants on behalf of such indemnified persons.
- (f) The Holders hereby acknowledge and agree that, with respect to this Section 4.2, the Corporation is contracting on its own behalf and as agent for the other indemnified persons referred to in subsection 4.2(b). In this regard, the Corporation will act as trustee for such indemnified persons of the covenants of the Holders under this Section 4.2 with respect to such indemnified persons and accepts these trusts and will hold and enforce those covenants on behalf of such indemnified persons.
- (g) The indemnification and contribution provided for under this Agreement shall be in addition to any other rights to indemnification or contribution that any indemnified person may have pursuant to applicable law or contract and shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified person.

ARTICLE 5

LOCK-UP AGREEMENT; THIRD PARTY RIGHTS

5.1 Secondary Registration Lock-Up

- (a) In respect of any offering of securities by Secondary Registration, upon request by the underwriters or dealers (as the case may be) in connection therewith, the Holders and the Corporation each agree to execute customary lock-up agreements, in each case for a period ending no later than 90 days or such shorter term as the underwriters may reasonably request (the "**Lock-Up Period**"), after the closing of such Secondary Registration, on terms required by the underwriters and consistent with those in public offering underwriting agreements customarily entered into by the Corporation.
- (b) The Corporation shall be entitled to postpone the filing of a Prospectus Supplement otherwise required to be prepared and filed by it pursuant hereto (but not the preparation of such Prospectus Supplement) or may request Holders suspend the use of any Prospectus Supplement that has been filed by it pursuant hereto if a Demand Registration request is received prior to the expiration of any Lock-Up Period as defined in subsection 5.1(a).

5.2 Third Party Rights

The Corporation represents and warrants to the Shareholder that, other than the Existing RRA and any Corresponding RRAs, it has not granted any registration rights to third parties that would conflict with or adversely affect the rights of the Holders as set forth in this Agreement.

ARTICLE 6 **GENERAL PROVISIONS**

6.1 Further Assurances

Each of the Parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and will use commercially reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

6.2 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

6.3 Assignment

This Agreement and the rights and obligations of the Parties hereto shall bind and enure to the benefit of each of the Parties hereto, the other Parties indemnified under Section 4.2 and their respective successors and permitted assigns.

Neither Party shall have the right to transfer or assign any of its rights or obligations under this Agreement except that:

- (a) this Agreement may be assigned in whole or in part by the Shareholder (upon notice to the Corporation) to any Affiliate of the Shareholder to whom any Registrable Securities are transferred in compliance with any and all applicable Transfer Restrictions to which the transferring Party is subject. Upon the permitted transferee(s) or assignee(s) executing and delivering to the Corporation an instrument in writing agreeing to be bound by this Agreement, the transferee(s) or assignee(s) will be entitled to its benefit and be bound by all of its terms as if it were an original signatory hereto and shall be considered a Holder for the purposes of this Agreement, provided that if any Person who was a permitted transferee ceases to be an Affiliate of the Shareholder, such Person shall cease to have any rights or obligations under this Agreement; and
- (b) in the event the Common Shares are converted, reclassified, exchanged or otherwise changed pursuant to a reorganization, amalgamation, merger, arrangement or other form of business combination, this Agreement may be assigned in whole by the Corporation

(and the Corporation covenants and agrees to use its commercially reasonable efforts to assign this Agreement to) to its successor pursuant to, or in connection with, any such transaction.

6.4 Remedies and Breaches

- (a) Each of the Holders, on the one hand (and for the purposes of this Section 6.4 collectively considered to be a "**Party**"), and the Corporation, on the other hand, acknowledges and agrees that irreparable injury to the other Party hereto may occur in the event any of the provisions of this Agreement are not performed in accordance with its specific terms or is otherwise breached and that such injury may not be adequately compensable in damages. It is accordingly agreed that each of the Holders, on the one hand, and the Corporation, on the other hand, shall, in addition to any other remedy to which they may be entitled at law or in equity, each be entitled to seek specific enforcement of, and injunctive relief to prevent any violation of, the terms hereof and the other Party hereto will not take any action, directly or indirectly, in opposition to the Party seeking relief on the grounds that any other remedy or relief is available at law or in equity. The prevailing Party in any such action shall be entitled to recover legal fees and expenses from the non- prevailing Party.
- (b) Each Holder on the one hand, and the Corporation on the other hand, acknowledges that it shall be liable for any breach of this Agreement by any of its Affiliates or any of its or its Affiliates' Representatives or other Persons acting on their behalf, and that it shall inform its and its Affiliates' Representatives of the terms of this Agreement and shall cause them to comply with them.

6.5 Term and Termination

This Agreement will continue in force until the earliest of the following to occur:

- (a) 11:59 p.m. (Calgary time) on the date that is 60 months following the date of this Agreement;
- (b) the date on which this Agreement is terminated by the written agreement of the Parties;
- (c) the first date on which the Shareholder ceases to, directly or indirectly, beneficially own, in aggregate, more than 5% of the then-outstanding Common Shares; and
- (d) the date on which the Standstill Agreements are terminated.

except that (i) the provisions of Section 4.2 and this Article 6 shall continue in full force and effect notwithstanding any termination of this Agreement, and (ii) termination of this Agreement will not affect or prejudice any rights or obligations which have accrued or arisen under this Agreement prior to the time of termination and such rights and obligations, including any indemnities and remedies, will continue in full force and effect and survive the termination of this Agreement.

6.6 Notices

All notices required or permitted pursuant to the terms of this Agreement shall be in writing and shall be given by personal delivery or facsimile or electronic mail transmittal during normal business hours on any Business Day to the address for the Holders or the Corporation, as applicable, as set forth below. Any such notice or other communication given hereunder shall, if personally delivered or sent by facsimile or electronic mail transmittal (with confirmation received), be conclusively deemed to have been given or

made and received on the day of delivery or facsimile or electronic mail transmittal (as the case may be) if such delivery or facsimile or electronic mail transmittal occurs during normal business hours of the recipient on a Business Day and if not so delivered or transmitted during normal business hours on a Business Day, then on the next Business Day following the day of delivery or transmittal. The Parties hereto may give from time to time written notice of change of address in the manner aforesaid.

Notices shall be provided:

- (a) if to the Shareholder:

L.F. Investments S.à r.l.
9-11 Grand Rue
L-1661 Luxembourg
Grand Duchy of Luxembourg

Attention: [*Notice Information Redacted.*]

with a copy to (which shall not constitute notice):

Marvin Yontef, Esq.

Email: myontef@outlook.com

- (b) if to the Corporation:

Cenovus Energy Inc.
4100, 225 – 6 Ave SW
Calgary, Alberta T2P 0M5

Attention: [*Notice Information Redacted.*]

E-mail: [*Email Address Redacted.*]

with a copy to (which shall not constitute notice):

Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: John Piasta

Facsimile: (403) 265-7219

E-mail: piastaj@bennettjones.com

6.7 Third Party Beneficiaries

Except in relation to the transferees and assignees contemplated in Section 6.3 and indemnitees in Section 4.2, this Agreement is not intended to confer any rights, remedies, obligations or liabilities upon any Person other than the Parties to this Agreement and their respective successor or permitted assigns.

6.8 Governing Law and Attornment

The provisions of this Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Any legal actions or proceedings with respect to this Agreement shall be brought in the courts of the Province of Alberta. Each Party hereby attorns to and accepts the jurisdiction of such courts.

6.9 Waivers

No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, such waiver shall be limited to the specific breach waived.

6.10 Time of Essence

Time is of the essence in respect of this Agreement.

6.11 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements among the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory with respect to the subject matter hereof among the Parties, other than as expressly set forth in this Agreement.

6.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

6.13 Facsimile Execution

Execution and delivery of this Agreement may be effected by any Party by facsimile or other electronic transmission of the execution page hereof to the other Parties, and such facsimile or other electronic copy will be legally effective to create a valid and binding agreement between the Parties.

[remainder of page intentionally left blank – signature page follows]

IN WITNESS WHEREOF the undersigned parties have executed this Registration Rights Agreement as of the date first written above.

CENOVUS ENERGY INC.

By: (signed) "Alex J. Pourbaix"
Name: Alex J. Pourbaix
Title: President & Chief Executive Officer

By: (signed) "*Jonathan M. McKenzie*"
Name: Jonathan M. McKenzie
Title: Executive Vice-President & Chief Financial Officer

L.F. INVESTMENTS S.À R.L.

By: (signed) "*Richard Chan*"
Name: Richard Chan
Title: Director

Signature Page – Registration Rights Agreement

C1234567890



104598

THE WARRANTS EVIDENCED HEREBY ARE EXERCISABLE AT OR BEFORE 4:30 P.M. (CALGARY TIME) ON JANUARY 1, 2026, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS) TO CENOVUS ENERGY INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS); ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

WARRANT
To acquire Common Shares of

cenovus
ENERGY
(formed pursuant to the laws of Canada)

Certificate Number

ZQ 123456

Warrants

**** 0 *****
**** 0 *****
**** 0 *****
**** 0 *****
**** 0 *****

Warrants, each entitling the holder to acquire one (1) Common Share (subject to adjustment as provided for in the Warrant Indenture (as set out below))

THIS IS TO CERTIFY THAT,
for value received,

SPECIMEN

CUSIP 15135U117
ISIN CA15135U1176

*** ZERO ***

(the "Warrantholder") is the registered holder of the number of common share purchase warrants (the "Warrants") of CENOVUS ENERGY INC. (the "Corporation") specified above, and is entitled, on exercise of these Warrants upon and subject to the terms and conditions set forth herein and in the Warrant Indenture, to purchase at any time before 4:30 p.m. (Calgary time) (the "Expiry Time") on January 1, 2026 (the "Expiry Date"), one fully paid and non-assessable common share without par value in the capital of the Corporation as constituted on the date hereof (a "Common Share") for each Warrant subject to adjustment in accordance with the terms of the Warrant Indenture. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture.

The right to purchase Common Shares may only be exercised by the Warrantholder within the time set forth above by:

- (a) duly completing and executing the exercise form (the "Exercise Form") attached hereto; and
- (b) surrendering this warrant certificate (the "Warrant Certificate") with the Exercise Form to the Warrant Agent at the principal office of the Warrant Agent, together with a certified cheque, bank draft, wire transfer or money order in the lawful money of Canada payable to or to the order of the Corporation in an amount equal to the aggregate Exercise Price (as defined below).

The surrender of this Warrant Certificate, the duly completed Exercise Form and payment as provided above will be deemed to have been effected only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by the Warrant Agent at the principal office as set out above.

Subject to adjustment thereof in the events and in the manner set forth in the Warrant Indenture hereinafter referred to, the exercise price payable for each Common Share upon exercise of Warrants shall be \$6.54 per Common Share (the "Exercise Price").

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the Exercise Form at their respective addresses specified therein or if so specified to the Exercise Form, delivered to both persons at the office where this Warrant Certificate is surrendered. If fewer Common Shares are issued than the number that can be purchased pursuant to this Warrant Certificate, the holder hereof will be entitled to receive without charge a new Warrant Certificate in respect of the balance of the Common Shares not so purchased. No fractional Common Shares will be issued upon exercise of any Warrant. All fractional Warrants that would otherwise be issuable shall be rounded down to the next whole number of Warrants and no consideration will be paid in lieu of fractional Warrants.

This Warrant Certificate evidences Warrants of the Corporation issued or issuable under the provisions of a warrant Indenture (which Indenture together with all other instruments pertaining to the Warrants hereof is hereby referred to as the "Warrant Indenture") dated as of January 1, 2021 between the Corporation and Computershare Trust Company of Canada, as Warrant Agent, to which Warrant Indenture reference is hereby made for particulars of the rights of the holders of Warrants, the Corporation and the Warrant Agent in respect thereof and the terms and conditions on which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder, by acceptance hereof, assents. The Corporation will furnish to the holder on request (and without charge, a copy of the Warrant Indenture. On presentation at the principal office of the Warrant Agent as set out above, subject to the provisions of the Warrant Indenture and in compliance with the reasonable requirements of the Warrant Agent, one or more Warrant Certificates may be exchanged for one or more Warrant Certificates CENOVUS ENERGY INC.

entitling the holder thereof to purchase in the aggregate an equal number of Common Shares as are purchasable under the Warrant Certificate(s) so exchanged.

The Warrant Indenture contains provisions for the adjustment of the Exercise Price payable for each Common Share upon the exercise of Warrants and the number of Common Shares issuable upon the exercise of Warrants in the events and in the manner set forth therein.

The Warrant Indenture also contains provisions making binding on all holders of Warrants outstanding thereunder resolutions passed at meetings of holders of Warrants held in accordance with the provisions of the Warrant Indenture and Instruments in writing signed by holders of Warrants entitled to purchase a specific majority of the outstanding Warrants.

Pursuant to Section 3.10 of the Warrant Indenture, if at any time following the Issue Date and prior to the Expiry Time, the Corporation determines that no Registration Statement filed with the SEC is effective, or the use of any such Registration Statement is suspended, no U.S. Warrantholder will be permitted to exercise Warrants unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available, and the Corporation shall promptly provide written notice of such determination to the Warrant Agent and promptly provide notice when the Registration Statement is effective or any such suspension has been terminated.

Nothing contained in this Warrant Certificate, the Warrant Indenture or elsewhere shall be construed as conferring upon the holder hereof any right or interest whatsoever as a holder of Common Shares or any other right or interest except as herein and in the Warrant Indenture expressly provided. In the event of any discrepancy between anything contained in this Warrant Certificate and the terms and conditions of the Warrant Indenture, the terms and conditions of the Warrant Indenture shall govern.

Warrants may only be transferred in compliance with the conditions of the Warrant Indenture on the register to be kept by the Warrant Agent in Calgary, Alberta or such other registrar as the Corporation, with the approval of the Warrant Agent, may appoint at such other place or places, if any, as may be designated, upon surrender of this Warrant Certificate to the Warrant Agent (which registration shall be accomplished by a written instrument of transfer in form and execution satisfactory to the Warrant Agent or other registrar and upon compliance with the conditions prescribed in the Warrant Indenture and with such reasonable requirements as the Warrant Agent or other registrar may prescribe and upon the transfer being duly noted thereon by the Warrant Agent or other Registrar. This is of the essence hereof.

This Warrant Certificate will not be valid for any purpose until it has been countersigned by or on behalf of the Warrant Agent from time to time under the Warrant Indenture.

The parties hereto have declared that they have required that these presents and all other documents related hereto be in the English language. Les parties aux présentes déclarent qu'elles ont exigé que la présente convention, de même que tous les documents s'y rapportant, soient rédigés en anglais.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be duly executed and

President & Chief Executive Officer
Président & chef de la direction

Corporate Secretary
Secrétaire générale

Countersigned and Registered by
COMPUTERSHARE TRUST COMPANY OF CANADA
By:
Authorized Signatory

SECURITY INSTRUCTIONS ON REVERSE VOIR LES INSTRUCTIONS DE SÉCURITÉ AU VERSO



FORM OF TRANSFER

To: Computershare Trust Company of Canada

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to _____ (print name and address) the Warrants represented by this Warrant Certificate and hereby irrevocably constitutes and appoints _____ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Warrant Agent.

DATED this ____ day of _____, 20__.

SPACE FOR GUARANTEES OF SIGNATURES (BELOW))
)
) _____
) Signature of Transferor
)
) _____
) Name of Transferor
)

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

EXERCISE FORM

TO: Cenovus Energy Inc.

AND TO: Computershare Trust Company of Canada

The undersigned holder of the Warrants evidenced by this Warrant Certificate hereby exercises the right to acquire:

_____ (A) Common Shares of Cenovus Energy Inc.

Exercise Price Payable: _____

_____ ((A) multiplied by CAD\$6.54, subject to adjustment)

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Common Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the Warrant Indenture.

Any capitalized term in this Warrant Certificate that is not otherwise defined herein, shall have the meaning ascribed thereto in the Warrant Indenture.

The undersigned hereby irrevocably directs that the said Common Shares be issued, registered and delivered as follows:

Name(s) In Full and Social Insurance Number(s) (if applicable)	Address(es)	Number of Common Shares
_____	_____	_____
_____	_____	_____
_____	_____	_____

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the form of transfer must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to **Computershare Trust Company of Canada, c/o General Manager, Corporate Trust.**

DATED this ____ day of _____, 20__.

_____))
 _____))
 Witness _____) (Signature of Warrantholder, to be the same as appears on the
 face of this Warrant Certificate)
 _____))
 _____))
 _____) Name of Registered Warrantholder

Please check if the certificates representing the Common Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address set out above. Certificates will be delivered or mailed as soon as practicable after the surrender of this Warrant Certificate to the Warrant Agent.

SECURITY INSTRUCTIONS - INSTRUCTIONS DE SÉCURITÉ

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.
 PAPIER FILIGRANÉ. NE PAS ACCEPTER SANS VÉRIFIER LA PRÉSENCE DU FILIGRANE. POUR CE FAIRE, PLACER À LA LUMIÈRE.



The IRS (Internal Revenue Service) requires cost basis reporting of securities acquired for U.S. residents after January 1, 2011. For more information, please visit www.irs.gov.
 L'IRS (Internal Revenue Service) exige la déclaration du prix de base des titres acquis pour les résidents des États-Unis après le 1er janvier 2011. Pour plus d'informations, veuillez visiter le www.irs.gov.

010LB



Canada Business Corporations Act (CBCA)
FORM 4
ARTICLES OF AMENDMENT
(Section 27 or 177)

1 – Current corporate name	
CENOVUS ENERGY INC.	
2 - Corporation number	
1 0 8 4 9 2 3 - 5	
3 – The articles are amended as follows: (Note that more than one section can be filled out)	
A: The corporation changes its name to:	
B: The corporation changes the province or territory in Canada where the registered office is situated to: To complete the change, a Form 3 – Change of Registered Office Address must accompany the Articles of Amendment.	
C: The corporation changes the minimum and/or maximum number of directors to: (for a fixed number of directors, indicate the same number in both boxes).	
Minimum number	<input type="text"/>
Maximum number	<input type="text"/>
D: Other changes: (for example, to the classes of shares, to restrictions on share transfers, to restrictions on the businesses of the corporation or to any other provisions that are permitted by the CBCA to be set out in the Articles) Please specify.	
<p>Pursuant to subsection 27(1)(b) of the <i>Canada Business Corporations Act</i>, the Articles of the Corporation are hereby amended by the creation of the series of First Preferred Shares set out in Schedules "A", "B", "C", "D", "E", "F", "G" and "H" hereto.</p>	
4 – Declaration	
I hereby certify that I am a director or an authorized officer of the corporation.	
Signature:	(signed) "Alex J. Pourbaix"
Print name:	Alex J. Pourbaix
Telephone number:	403-766-3770
Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).	





Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

Cenovus Energy Inc.

Corporate name / Dénomination sociale

1084923-5

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Raymond Edwards

Director / Directeur

2020-12-30

Date of amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)

Canada



Form 4
Articles of Amendment
Canada Business Corporations Act
(CBCA) (s. 27 or 177)

Formulaire 4
Clauses modificatrices
Loi canadienne sur les sociétés par
actions (LCSA) (art. 27 ou 177)

- 1 Corporate name
Dénomination sociale
Cenovus Energy Inc.
- 2 Corporation number
Numéro de la société
1084923-5
- 3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

See attached schedule / Voir l'annexe ci-jointe

- 4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
Alex J. Pourbaix
Alex J. Pourbaix
403-766-3770

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250 (1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

SCHEDULES TO ARTICLES OF AMENDMENT

OF

CENOVUS ENERGY INC.

(the "Corporation")

Pursuant to subsection 27(1)(b) of the Canada Business Corporations Act, the Articles of the Corporation are hereby amended by the creation of the series of First Preferred Shares set out in Schedules "A", "B", "C", "D", "E", "F", "G" and "H" hereto.

SCHEDULE "A"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The first series of First Preferred Shares of the Corporation shall consist of 12,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 1 (the "**Series 1 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 1 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 1 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 2.404%; and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 1.73%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book- Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 1 First Preferred Shares held through the Book-Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;
 - (ix) "**Common Shares**" means the common shares of the Corporation;

- (x) "**Definitive Share**" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 1 First Preferred Shares;
- (xi) "**Dividend Payment Date**" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) "**First Dividend Payment Date**" means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) "**First Preferred Shares**" means the First Preferred Shares of the Corporation;
- (xiv) "**Fixed Rate Period**" means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter;
- (xv) "**Fixed Rate Calculation Date**" means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) "**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 1.73%;
- (xvii) "**Floating Rate Calculation Date**" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) "**Global Certificate**" means the global certificate representing outstanding Book-Entry Shares;
- (xix) "**Government of Canada Yield**" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;
- (xx) "**Initial Fixed Rate Period**" means the period from and including the Issue Date, to, but excluding, March 31, 2021;

- (xxi) "**Issue Date**" means the date the Series 1 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 1 Conversion Date**" means March 31, 2021, and March 31 in every fifth year thereafter;
 - (xxix) "**Series 2 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 2 of the Corporation;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "**on a parity with**", "**ranking prior to**"; "**ranking junior to**" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any day on which any dividend on the Series 1 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Fixed Rate Period, the holders of the Series 1 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly, in the amount per Series 1 First Preferred Share determined by multiplying one quarter of the Annual Fixed Dividend Rate for such Fixed Rate Period by \$25.00. Each such dividend payable to the holders of Series 1 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 1 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid or other distribution made on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 1 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 1 First Preferred Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period to the registered holders of the then outstanding Series 1 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 1 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 1 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 1 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 1 First Preferred Shares outstanding from time to time

- (a) through the facilities of any stock exchange on which the Series 1 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 1 First Preferred Shares outstanding, or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 1 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 1 First Preferred Shares so tendered by each of the holders of Series 1 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 1 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), on March 31, 2021, and on March 31 in every fifth year thereafter, the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 1 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 (such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (the whole constituting the "**cash redemption price**").
- (b) In any case of redemption of Series 1 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 1 First Preferred Shares to be redeemed a written notice of the intention of the Corporation to redeem such Series 1 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 1 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid

to or to the order of the registered holders of the Series 1 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 1 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 1 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 1 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 1 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 1 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 1 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 1 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 2 First Preferred Shares

- (a) Holders of Series 1 First Preferred Shares shall have the right to convert on each Series 1 Conversion Date, subject to the provisions hereof, all or any of their Series 1 First Preferred Shares into Series 2 First Preferred Shares on the basis of one Series 2 First Preferred Share for each Series 1 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 1 Conversion Date, give notice in writing in accordance with the provisions of subparagraph (2)(b) to the then registered holders of the Series 1 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 1 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to

each Series 1 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 1 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 1 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 2 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).

- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 1 First Preferred Shares of the redemption of all of the Series 1 First Preferred Shares, then the right of a holder of Series 1 First Preferred Shares to convert such Series 1 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 1 First Preferred Shares shall not be entitled to convert their Series 1 First Preferred Shares into Series 2 First Preferred Shares on a Series 1 Conversion Date if the Corporation determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 2 First Preferred Shares, after having taken into account all Series 1 First Preferred Shares tendered for conversion into Series 2 First Preferred Shares and all Series 2 First Preferred Shares tendered for conversion into Series 1 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 1 First Preferred Shares at least seven days prior to the applicable Series 1 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 1 Conversion Date, at the expense of the Corporation, to such holders of Series 1 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 1 First Preferred Shares, certificates representing the Series 1 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 1 First Preferred Shares, after having taken into account all Series 1 First Preferred Shares tendered for conversion into Series 2 First Preferred Shares and all Series 2 First Preferred Shares tendered for conversion into Series 1 First Preferred Shares on such Series 1 Conversion Date, then all of the remaining outstanding Series 1 First Preferred Shares shall be converted automatically into Series 2 First Preferred Shares on the basis of one Series 2 First Preferred Share for each Series 1 First Preferred Share on the applicable Series 1 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 1 First Preferred Shares at least seven days prior to the Series 1 Conversion Date.
- (e) The conversion right may be exercised by a holder of Series 1 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 1 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 1 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 1 Conversion Date. The Series 1 Conversion Notice shall indicate the number of Series 1 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 2 First Preferred Shares are in the Book-Based System, if the Series 2 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 1

First Preferred Shares to be converted, the Series 1 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 2 First Preferred Shares in some other name or names (the "**Series 2 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 2 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 2 Transferee to hold such Series 2 First Preferred Shares.

- (f) If all remaining outstanding Series 1 First Preferred Shares are to be converted into Series 2 First Preferred Shares on the applicable Series 1 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 1 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 1 Conversion Date into Series 2 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 2 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 1 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 1 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 2 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 1 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 2 First Preferred Shares registered in the name of the holders of the Series 1 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 1 First Preferred Shares of the certificate or certificates for the Series 1 First Preferred Shares to be converted. If only a part of such Series 1 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 2 Conversion Notice, the Series 1 First Preferred Shares converted into Series 2 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14), shall fail to deliver to the holders of the Series 1 First Preferred Shares to be converted share certificates representing the Series 2 First Preferred Shares into which such shares have been converted.
- (h) The obligation of the Corporation to issue Series 2 First Preferred Shares upon conversion of any Series 1 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
 - (i) the issuing of such Series 2 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 2 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or

- (iii) for any reason beyond its control, the Corporation is unable to issue Series 2 First Preferred Shares or is unable to deliver Series 2 First Preferred Shares.

- (i) The Corporation reserves the right not to deliver Series 2 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 2 First Preferred Shares, and the Corporation shall attempt to sell such Series 2 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 2 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 2 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 1 First Preferred Shares shall be entitled to receive \$25.00 per Series 1 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 1 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 1 First Preferred Shares in any respect. After payment to the holders of the Series 1 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 1 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 1 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 1 First Preferred Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 1 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 1 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 1 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 1 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 1 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 1 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 1 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 1 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 1 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 1 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 1 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 1 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9(a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 1 First Preferred Shares without the prior approval of the holders of the Series 1 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 1 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 1 First Preferred Shares and, if all dividends then payable on the Series 1 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 1 First Preferred Shares

The approval of the holders of the Series 1 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 1 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 1 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 1 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 1 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting

shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 1 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 1 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 1 First Preferred Shares. Notice of any such original meeting of the holders of the Series 1 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 1 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 1 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 1 First Preferred Shares shall be required to pay tax on dividends received on, the Series 1 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 1 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13). Holders of Series 1 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 1 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 1 First Preferred Shares.

14. Book-Based System

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 1 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 1 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 1 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 1 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 1 First Preferred Shares:
 - (i) the System Operator shall be considered the sole owner of the Series 1 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 1 First Preferred Shares or the delivery of Series 2 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion, shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 1 First Preferred Shares, the cash redemption price for the Series 1 First Preferred Shares or certificates, if any, for Series 2 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 1 First Preferred Shares.
- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 1 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 1 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 1 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 1 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (14) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 1 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 1 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 1 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 1 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 1 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 1 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act* with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 1 First Preferred Shares may be listed.

SCHEDULE "B"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The second series of First Preferred Shares of the Corporation shall consist of 12,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 2 (the "**Series 2 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 2 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 2 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 2.404%; and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 1.73%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book- Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 2 First Preferred Shares held through the Book-Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;

- (ix) "**Common Shares**" means the common shares of the Corporation;
- (x) "**Definitive Share**" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 2 First Preferred Shares;
- (xi) "**Dividend Payment Date**" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) "**First Dividend Payment Date**" means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) "**First Preferred Shares**" means the First Preferred Shares of the Corporation;
- (xiv) "**Fixed Rate Period**" means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter;
- (xv) "**Fixed Rate Calculation Date**" means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) "**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 1.73%;
- (xvii) "**Floating Rate Calculation Date**" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) "**Global Certificate**" means the global certificate representing outstanding Book- Entry Shares;
- (xix) "**Government of Canada Yield**" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;

- (xx) "**Initial Fixed Rate Period**" means the period from and including the Issue Date to, but excluding, March 31, 2021;
 - (xxi) "**Issue Date**" means the date the Series 2 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 1 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 1 of the Corporation;
 - (xxix) "**Series 2 Conversion Date**" means March 31, 2021, and March 31 in every fifth year thereafter;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "on a parity with", "ranking prior to", "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any day on which any dividend on the Series 2 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Quarterly Floating Rate Period, the holders of the Series 2 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable quarterly, in the amount per Series 2 First Preferred Share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending on the actual number of days in the applicable year. Each such dividend payable to the holders of Series 2 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 2 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 2 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 2 First Preferred Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 2 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 2 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 2 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 2 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 2 First Preferred Shares outstanding from time to time

- (a) through the facilities of any stock exchange on which the Series 2 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 2 First Preferred Shares outstanding, or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 2 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 2 First Preferred Shares so tendered by each of the holders of Series 2 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 2 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 2 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to
 - (i) \$25.00 in the case of a redemption on a Series 2 Conversion Date on or after March 31, 2021, or
 - (ii) \$25.50 in the case of a redemption on any other date after the Issue Date that is not a Series 2 Conversion Date,

(such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 2 First Preferred Shares have been paid to but excluding the date fixed for redemption (the whole constituting the "cash redemption price").

- (b) In any case of redemption of Series 2 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 2 First Preferred Shares to be redeemed a written notice of the intention of

the Corporation to redeem such Series 2 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 2 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series 2 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 2 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 2 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 2 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 2 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 2 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 2 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 2 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 1 First Preferred Shares

- (a) Holders of Series 2 First Preferred Shares shall have the right to convert on each Series 2 Conversion Date, subject to the provisions hereof, all or any of their Series 2 First Preferred Shares into Series 1 First Preferred Shares on the basis of one Series 1 First Preferred Share for each Series 2 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 2 Conversion Date, give notice in writing in accordance with the provisions of subparagraph 2(b) to the then registered holders of the Series 2 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 2 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to each Series 2 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 2 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 1 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 2 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).
- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 2 First Preferred Shares of the redemption of all of the Series 2 First Preferred Shares, then the right of a holder of Series 2 First Preferred Shares to convert such Series 2 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 2 First Preferred Shares shall not be entitled to convert their Series 2 First Preferred Shares on a Series 2 Conversion Date into Series 1 First Preferred Shares if the Corporation determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 1 First Preferred Shares, after having taken into account all Series 2 First Preferred Shares tendered for conversion into Series 1 First Preferred Shares and all Series 1 First Preferred Shares tendered for conversion into Series 2 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 2 First Preferred Shares at least seven days prior to the applicable Series 2 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 2 Conversion Date, at the expense of the Corporation, to such holders of Series 2 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 2 First Preferred Shares, certificates representing the Series 2 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 2 First Preferred Shares, after having taken into account all Series 2 First Preferred Shares tendered for conversion into Series 1 First Preferred Shares and all Series 1 First Preferred Shares tendered for conversion into Series 2 First Preferred Shares on such Series 2 Conversion Date, then all of the remaining outstanding Series 2 First Preferred Shares shall be converted automatically into Series 1 First Preferred Shares on the basis of one Series 1 First Preferred Share for each Series 2 First Preferred Share on the applicable Series 2 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 2 First Preferred Shares at least seven days prior to the Series 2 Conversion Date.

- (e) The conversion right may be exercised by a holder of Series 2 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 2 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 2 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 2 Conversion Date. The Series 2 Conversion Notice shall indicate the number of Series 2 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 1 First Preferred Shares are in the Book-Based System, if the Series 1 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 2 First Preferred Shares to be converted, the Series 2 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 1 First Preferred Shares in some other name or names (the "**Series 1 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 1 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 1 Transferee to hold such Series 1 First Preferred Shares.
- (f) If all remaining outstanding Series 2 First Preferred Shares are to be converted into Series 1 First Preferred Shares on the applicable Series 2 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 2 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 2 Conversion Date into Series 1 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 1 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 2 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 2 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 1 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 2 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 1 First Preferred Shares registered in the name of the holders of the Series 2 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 2 First Preferred Shares of the certificate or certificates for the Series 2 First Preferred Shares to be converted. If only a part of such Series 2 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 2 Conversion Notice, the Series 2 First Preferred Shares converted into Series 1 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14), shall fail to deliver to the holders of the Series 2 First Preferred Shares to be converted share certificates representing the Series 1 First Preferred Shares into which such shares have been converted.

- (h) The obligation of the Corporation to issue Series 1 First Preferred Shares upon conversion of any Series 2 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
- (i) the issuing of such Series 1 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 1 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or
 - (iii) for any reason beyond its control, the Corporation is unable to issue Series 1 First Preferred Shares or is unable to deliver Series 1 First Preferred Shares.
- (i) The Corporation reserves the right not to deliver Series 1 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 1 First Preferred Shares, and the Corporation shall attempt to sell such Series 1 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 1 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 1 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 2 First Preferred Shares shall be entitled to receive \$25.00 per Series 2 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 2 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 2 First Preferred Shares in any respect. After payment to the holders of the Series 2 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 2 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 2 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 2 First Preferred Shares, whether or not consecutive and whether or not such dividends have been

declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 2 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 2 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 2 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 2 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 2 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 2 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 2 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 2 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 2 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 2 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 2 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 2 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9 (a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 2 First Preferred Shares without the prior approval of the holders of the Series 2 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 2 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 2 First Preferred Shares and, if all dividends then payable on the Series 2 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 2 First Preferred Shares

The approval of the holders of the Series 2 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 2 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 2 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 2 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 2 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 2 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 2 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 2 First Preferred Shares. Notice of any such original meeting of the holders of the Series 2 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 2 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 2 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 2 First Preferred Shares shall be required to pay tax on dividends received on the Series 2 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

- (a) Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

- (b) Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 2 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13).
- (c) Holders of Series 2 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 2 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 2 First Preferred Shares.

14. Book-Based System

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 2 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 2 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 2 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 2 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 2 First Preferred Shares:
 - (i) the System Operator shall be considered the sole owner of the Series 2 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 2 First Preferred Shares or the delivery of Series 1 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion, shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 2 First Preferred Shares, the cash redemption price for the Series 2 First Preferred Shares or certificates, if any, for Series 1 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 2 First Preferred Shares.
- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the

Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 2 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 2 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 2 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 2 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (14) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 2 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 2 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 2 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 2 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 2 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 2 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act*, with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 2 First Preferred Shares may be listed.

SCHEDULE "C"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The third series of First Preferred Shares of the Corporation shall consist of 10,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 3 (the "**Series 3 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 3 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 3 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 4.689%; and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.13%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book-Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 3 First Preferred Shares held through the Book-Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;
 - (ix) "**Common Shares**" means the common shares of the Corporation;

- (x) "**Definitive Share**" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 3 First Preferred Shares;
- (xi) "**Dividend Payment Date**" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) "**First Dividend Payment Date**" means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) "**First Preferred Shares**" means the First Preferred Shares of the Corporation;
- (xiv) "**Fixed Rate Period**" means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, December 31 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, December 31 in the fifth year thereafter;
- (xv) "**Fixed Rate Calculation Date**" means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) "**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.13%;
- (xvii) "**Floating Rate Calculation Date**" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) "**Global Certificate**" means the global certificate representing outstanding Book- Entry Shares;
- (xix) "**Government of Canada Yield**" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;
- (xx) "**Initial Fixed Rate Period**" means the period from and including the Issue Date to, but excluding, December 31, 2024;

- (xxi) "**Issue Date**" means the date the Series 3 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 3 Conversion Date**" means December 31, 2024, and December 31 in every fifth year thereafter;
 - (xxix) "**Series 4 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 4 of the Corporation;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "on a parity with", "ranking prior to"; "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any day on which any dividend on the Series 3 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Fixed Rate Period, the holders of the Series 3 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly, in the amount per Series 3 First Preferred Share determined by multiplying one quarter of the Annual Fixed Dividend Rate for such Fixed Rate Period by \$25.00. Each such dividend payable to the holders of Series 3 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 3 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid or other distribution made on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 3 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 3 First Preferred Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period to the registered holders of the then outstanding Series 3 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 3 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 3 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 3 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 3 First Preferred Shares outstanding from time to time

- (a) through the facilities of any stock exchange on which the Series 3 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 3 First Preferred Shares outstanding, or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 3 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 3 First Preferred Shares so tendered by each of the holders of Series 3 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 3 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), on December 31, 2024, and on December 31 in every fifth year thereafter, the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 3 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 (such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (the whole constituting the "**cash redemption price**").
- (b) In any case of redemption of Series 3 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 3 First Preferred Shares to be redeemed a written notice of the intention of the Corporation to redeem such Series 3 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 3 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid

to or to the order of the registered holders of the Series 3 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 3 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 3 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 3 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 3 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 3 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 3 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 3 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 4 First Preferred Shares

- (a) Holders of Series 3 First Preferred Shares shall have the right to convert on each Series 3 Conversion Date, subject to the provisions hereof, all or any of their Series 3 First Preferred Shares into Series 4 First Preferred Shares on the basis of one Series 4 First Preferred Share for each Series 3 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 3 Conversion Date, give notice in writing in accordance with the provisions of subparagraph (2)(b) to the then registered holders of the Series 3 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 3 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior

to each Series 3 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 3 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 3 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 4 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).

- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 3 First Preferred Shares of the redemption of all of the Series 3 First Preferred Shares, then the right of a holder of Series 3 First Preferred Shares to convert such Series 3 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 3 First Preferred Shares shall not be entitled to convert their Series 3 First Preferred Shares into Series 4 First Preferred Shares on a Series 3 Conversion Date if the Corporation determines that there would remain outstanding on a Series 3 Conversion Date less than 1,000,000 Series 4 First Preferred Shares, after having taken into account all Series 3 First Preferred Shares tendered for conversion into Series 4 First Preferred Shares and all Series 4 First Preferred Shares tendered for conversion into Series 3 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 3 First Preferred Shares at least seven days prior to the applicable Series 3 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 3 Conversion Date, at the expense of the Corporation, to such holders of Series 3 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 3 First Preferred Shares, certificates representing the Series 3 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 3 Conversion Date less than 1,000,000 Series 3 First Preferred Shares, after having taken into account all Series 3 First Preferred Shares tendered for conversion into Series 4 First Preferred Shares and all Series 4 First Preferred Shares tendered for conversion into Series 3 First Preferred Shares on such Series 3 Conversion Date, then all of the remaining outstanding Series 3 First Preferred Shares shall be converted automatically into Series 4 First Preferred Shares on the basis of one Series 4 First Preferred Share for each Series 3 First Preferred Share on the applicable Series 3 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 3 First Preferred Shares at least seven days prior to the Series 3 Conversion Date.
- (e) The conversion right may be exercised by a holder of Series 3 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 3 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 3 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 3 Conversion Date. The Series 3 Conversion Notice shall indicate the number of Series 3 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 4 First Preferred Shares are in the Book-Based System, if the Series 4 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 3

First Preferred Shares to be converted, the Series 3 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 4 First Preferred Shares in some other name or names (the "**Series 4 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 4 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 4 Transferee to hold such Series 4 First Preferred Shares.

- (f) If all remaining outstanding Series 3 First Preferred Shares are to be converted into Series 4 First Preferred Shares on the applicable Series 3 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 3 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 3 Conversion Date into Series 4 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 4 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 3 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 3 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 4 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 3 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 4 First Preferred Shares registered in the name of the holders of the Series 3 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 3 First Preferred Shares of the certificate or certificates for the Series 3 First Preferred Shares to be converted. If only a part of such Series 3 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 4 Conversion Notice, the Series 3 First Preferred Shares converted into Series 4 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14), shall fail to deliver to the holders of the Series 3 First Preferred Shares to be converted share certificates representing the Series 4 First Preferred Shares into which such shares have been converted.
- (h) The obligation of the Corporation to issue Series 4 First Preferred Shares upon conversion of any Series 3 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
 - (i) the issuing of such Series 4 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 4 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or

- (iii) for any reason beyond its control, the Corporation is unable to issue Series 4 First Preferred Shares or is unable to deliver Series 4 First Preferred Shares.

- (i) The Corporation reserves the right not to deliver Series 4 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 4 First Preferred Shares, and the Corporation shall attempt to sell such Series 4 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 4 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 4 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 3 First Preferred Shares shall be entitled to receive \$25.00 per Series 3 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 3 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 3 First Preferred Shares in any respect. After payment to the holders of the Series 3 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 3 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 3 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 3 First Preferred Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 3 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 3 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 3 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 3 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 3 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 3 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 3 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 3 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 3 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 3 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 3 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 3 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9(a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 3 First Preferred Shares without the prior approval of the holders of the Series 3 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 3 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 3 First Preferred Shares and, if all dividends then payable on the Series 3 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 3 First Preferred Shares

The approval of the holders of the Series 3 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 3 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 3 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 3 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 3 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting

shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 3 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 3 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 3 First Preferred Shares. Notice of any such original meeting of the holders of the Series 3 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 3 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 3 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 3 First Preferred Shares shall be required to pay tax on dividends received on the Series 3 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 3 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13). Holders of Series 3 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 3 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 3 First Preferred Shares.

14. Book-Based System

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 3 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 3 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 3 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 3 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 3 First Preferred Shares:
 - (i) the System Operator shall be considered the sole owner of the Series 3 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 3 First Preferred Shares or the delivery of Series 4 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 3 First Preferred Shares, the cash redemption price for the Series 3 First Preferred Shares or certificates, if any, for Series 4 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 3 First Preferred Shares.
- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 3 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 3 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 3 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 3 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (14) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 3 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 3 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 3 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 3 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 3 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 3 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act* with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 3 First Preferred Shares may be listed.

SCHEDULE "D"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The fourth series of First Preferred Shares of the Corporation shall consist of 10,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 4 (the "**Series 4 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 4 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 4 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 4.689%; and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.13%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book- Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 4 First Preferred Shares held through the Book-Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;
 - (ix) "**Common Shares**" means the common shares of the Corporation;

- (x) "**Definitive Share**" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 4 First Preferred Shares;
- (xi) "**Dividend Payment Date**" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) "**First Dividend Payment Date**" means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) "**First Preferred Shares**" means the First Preferred Shares of the Corporation;
- (xiv) "**Fixed Rate Period**" means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, December 31 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, December 31 in the fifth year thereafter;
- (xv) "**Fixed Rate Calculation Date**" means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) "**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005 % being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.13%;
- (xvii) "**Floating Rate Calculation Date**" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) "**Global Certificate**" means the global certificate representing outstanding Book- Entry Shares;
- (xix) "**Government of Canada Yield**" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;
- (xx) "**Initial Fixed Rate Period**" means the period from and including the Issue Date to, but excluding, December 31, 2024;

- (xxi) "**Issue Date**" means the date the Series 4 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 3 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 3 of the Corporation;
 - (xxix) "**Series 4 Conversion Date**" means December 31, 2024, and December 31 in every fifth year thereafter;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "on a parity with", "ranking prior to", "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any day on which any dividend on the Series 4 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Quarterly Floating Rate Period, the holders of the Series 4 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable quarterly, in the amount per Series 4 First Preferred Shares determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending on the actual number of days in the applicable year. Each such dividend payable to the holders of Series 4 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 4 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 4 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 4 First Preferred Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 4 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 4 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 4 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 4 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 4 First Preferred Shares outstanding from time to time:

- (a) through the facilities of any stock exchange on which the Series 4 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 4 First Preferred Shares outstanding, or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 4 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 4 First Preferred Shares so tendered by each of the holders of Series 4 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 4 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 4 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to:
 - (i) \$25.00 in the case of a redemption on a Series 4 Conversion Date on or after December 31, 2024, or
 - (ii) \$25.50 in the case of a redemption on any other date after the Issue Date that is not a Series 4 Conversion Date,

(such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 4 First Preferred Shares have been paid to but excluding the date fixed for redemption (the whole constituting the "**cash redemption price**").

- (b) In any case of redemption of Series 4 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 4 First Preferred Shares to be redeemed a written notice of the intention of

the Corporation to redeem such Series 4 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 4 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series 4 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 4 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 4 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 4 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 4 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 4 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 4 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 4 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 3 First Preferred Shares

- (a) Holders of Series 4 First Preferred Shares shall have the right to convert on each Series 4 Conversion Date, subject to the provisions hereof, all or any of their Series 4 First Preferred Shares into Series 3 First Preferred Shares on the basis of one Series 3 First Preferred Share for each Series 4 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 4 Conversion Date, give notice in writing in accordance with the provisions of subparagraph 2(b) to the then registered holders of the Series 4 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 4 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to each Series 4 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 4 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 3 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 4 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).
- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 4 First Preferred Shares of the redemption of all of the Series 4 First Preferred Shares, then the right of a holder of Series 4 First Preferred Shares to convert such Series 4 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 4 First Preferred Shares shall not be entitled to convert their Series 4 First Preferred Shares on a Series 4 Conversion Date into Series 3 First Preferred Shares if the Corporation determines that there would remain outstanding on a Series 4 Conversion Date less than 1,000,000 Series 3 First Preferred Shares, after having taken into account all Series 4 First Preferred Shares tendered for conversion into Series 3 First Preferred Shares and all Series 3 First Preferred Shares tendered for conversion into Series 4 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 4 First Preferred Shares at least seven days prior to the applicable Series 4 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 4 Conversion Date, at the expense of the Corporation, to such holders of Series 4 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 4 First Preferred Shares, certificates representing the Series 4 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 4 Conversion Date less than 1,000,000 Series 4 First Preferred Shares, after having taken into account all Series 4 First Preferred Shares tendered for conversion into Series 3 First Preferred Shares and all Series 3 First Preferred Shares tendered for conversion into Series 4 First Preferred Shares on such Series 4 Conversion Date, then all of the remaining outstanding Series 4 First Preferred Shares shall be converted automatically into Series 3 First Preferred Shares on the basis of one Series 3 First Preferred Share for each Series 4 First Preferred Share on the applicable Series 4 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 4 First Preferred Shares at least seven days prior to the Series 4 Conversion Date.

- (e) The conversion right may be exercised by a holder of Series 4 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 4 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 4 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 4 Conversion Date. The Series 4 Conversion Notice shall indicate the number of Series 4 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 3 First Preferred Shares are in the Book-Based System, if the Series 3 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 4 First Preferred Shares to be converted, the Series 4 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 3 First Preferred Shares in some other name or names (the "**Series 3 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 3 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 3 Transferee to hold such Series 3 First Preferred Shares.
- (f) If all remaining outstanding Series 4 First Preferred Shares are to be converted into Series 3 First Preferred Shares on the applicable Series 4 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 4 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 4 Conversion Date into Series 3 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 3 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 4 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 4 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 3 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 4 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 3 First Preferred Shares registered in the name of the holders of the Series 4 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 4 First Preferred Shares of the certificate or certificates for the Series 4 First Preferred Shares to be converted. If only a part of such Series 4 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 4 Conversion Notice, the Series 4 First Preferred Shares converted into Series 3 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14) shall fail to deliver to the holders of the Series 4 First Preferred Shares to be converted share certificates representing the Series 3 First Preferred Shares into which such shares have been converted.

- (h) The obligation of the Corporation to issue Series 3 First Preferred Shares upon conversion of any Series 4 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
- (i) the issuing of such Series 3 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 3 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or
 - (iii) for any reason beyond its control, the Corporation is unable to issue Series 3 First Preferred Shares or is unable to deliver Series 3 First Preferred Shares.
- (i) The Corporation reserves the right not to deliver Series 3 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 3 First Preferred Shares, and the Corporation shall attempt to sell such Series 3 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 3 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 3 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 4 First Preferred Shares shall be entitled to receive \$25.00 per Series 4 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 4 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 4 First Preferred Shares in any respect. After payment to the holders of the Series 4 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 4 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 4 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 4 First Preferred Shares, whether or not consecutive and whether or not such dividends have been

declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 4 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 4 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 4 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 4 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 4 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 4 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 4 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 4 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 4 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 4 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 4 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 4 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9 (a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 4 First Preferred Shares without the prior approval of the holders of the Series 4 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 4 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 4 First Preferred Shares and, if all dividends then payable on the Series 4 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 4 First Preferred Shares

The approval of the holders of the Series 4 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 4 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 4 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 4 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 4 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 4 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 4 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 4 First Preferred Shares. Notice of any such original meeting of the holders of the Series 4 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 4 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 4 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 4 First Preferred Shares shall be required to pay tax on dividends received on the Series 4 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

- (a) Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

- (b) Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 4 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13).
- (c) Holders of Series 4 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 4 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 4 First Preferred Shares.

14. **Book-Based System**

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 4 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 4 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "**CDS & Co.**" (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 4 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 4 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 4 First Preferred Shares:
 - (i) the System Operator shall be considered the sole owner of the Series 4 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 4 First Preferred Shares or the delivery of Series 3 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion, shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 4 First Preferred Shares, the cash redemption price for the Series 4 First Preferred Shares or certificates, if any, for Series 3 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 4 First Preferred Shares.

- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 4 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 4 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 4 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.
- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 4 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (14) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 4 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 4 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 4 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 4 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 4 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 4 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act*, with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 4 First Preferred Shares may be listed.

SCHEDULE "E"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The fifth series of First Preferred Shares of the Corporation shall consist of 8,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 5 (the "**Series 5 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 5 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 5 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 4.591%; and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.57%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book- Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 5 First Preferred Shares held through the Book- Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;
 - (ix) "**Common Shares**" means the common shares of the Corporation;

- (x) **"Definitive Share"** means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 5 First Preferred Shares;
- (xi) **"Dividend Payment Date"** means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) **"First Dividend Payment Date"** means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) **"First Preferred Shares"** means the First Preferred Shares of the Corporation;
- (xiv) **"Fixed Rate Period"** means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter;
- (xv) **"Fixed Rate Calculation Date"** means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) **"Floating Quarterly Dividend Rate"** means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.57%;
- (xvii) **"Floating Rate Calculation Date"** means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) **"Global Certificate"** means the global certificate representing outstanding Book- Entry Shares;
- (xix) **"Government of Canada Yield"** on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that anon-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;
- (xx) **"Initial Fixed Rate Period"** means the period from and including the Issue Date to, but excluding, March 31, 2025;

- (xxi) "**Issue Date**" means the date the Series 5 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 5 Conversion Date**" means March 31, 2025, and March 31 in every fifth year thereafter;
 - (xxix) "**Series 6 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 6 of the Corporation;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "on a parity with", "ranking prior to"; "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any day on which any dividend on the Series 5 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Fixed Rate Period, the holders of the Series 5 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly, in the amount per Series 5 First Preferred Share determined by multiplying one quarter of the Annual Fixed Dividend Rate for such Fixed Rate Period by \$25.00. Each such dividend payable to the holders of Series 5 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 5 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid or other distribution made on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 5 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 5 First Preferred Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period to the registered holders of the then outstanding Series 5 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 5 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 5 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 5 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 5 First Preferred Shares outstanding from time to time

- (a) through the facilities of any stock exchange on which the Series 5 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 5 First Preferred Shares outstanding, or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 5 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 5 First Preferred Shares so tendered by each of the holders of Series 5 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 5 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), on March 31, 2025, and on March 31 in every fifth year thereafter, the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 5 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 (such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (the whole constituting the "**cash redemption price**").
- (b) In any case of redemption of Series 5 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 5 First Preferred Shares to be redeemed a written notice of the intention of the Corporation to redeem such Series 5 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 5 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid

to or to the order of the registered holders of the Series 5 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 5 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 5 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 5 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 5 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 5 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 5 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 5 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 6 First Preferred Shares

- (a) Holders of Series 5 First Preferred Shares shall have the right to convert on each Series 5 Conversion Date, subject to the provisions hereof, all or any of their Series 5 First Preferred Shares into Series 6 First Preferred Shares on the basis of one Series 5 First Preferred Share for each Series 6 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 5 Conversion Date, give notice in writing in accordance with the provisions of subparagraph (2)(b) to the then registered holders of the Series 5 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 5 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to

each Series 5 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 5 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 5 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 6 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).

- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 5 First Preferred Shares of the redemption of all of the Series 5 First Preferred Shares, then the right of a holder of Series 5 First Preferred Shares to convert such Series 5 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 5 First Preferred Shares shall not be entitled to convert their Series 5 First Preferred Shares into Series 6 First Preferred Shares on a Series 5 Conversion Date if the Corporation determines that there would remain outstanding on a Series 5 Conversion Date less than 1,000,000 Series 6 First Preferred Shares, after having taken into account all Series 5 First Preferred Shares tendered for conversion into Series 6 First Preferred Shares and all Series 6 First Preferred Shares tendered for conversion into Series 5 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 5 First Preferred Shares at least seven days prior to the applicable Series 5 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 5 Conversion Date, at the expense of the Corporation, to such holders of Series 5 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 5 First Preferred Shares, certificates representing the Series 5 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 5 Conversion Date less than 1,000,000 Series 5 First Preferred Shares, after having taken into account all Series 5 First Preferred Shares tendered for conversion into Series 6 First Preferred Shares and all Series 6 First Preferred Shares tendered for conversion into Series 5 First Preferred Shares on such Series 5 Conversion Date, then all of the remaining outstanding Series 5 First Preferred Shares shall be converted automatically into Series 6 First Preferred Shares on the basis of one Series 6 First Preferred Share for each Series 5 First Preferred Share on the applicable Series 5 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 5 First Preferred Shares at least seven days prior to the Series 5 Conversion Date.
- (e) The conversion right may be exercised by a holder of Series 5 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 5 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 5 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 5 Conversion Date. The Series 5 Conversion Notice shall indicate the number of Series 5 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 6 First Preferred Shares are in the Book-Based System, if the Series 6 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 5

First Preferred Shares to be converted, the Series 5 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 6 First Preferred Shares in some other name or names (the "**Series 6 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 6 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 6 Transferee to hold such Series 6 First Preferred Shares.

- (f) If all remaining outstanding Series 5 First Preferred Shares are to be converted into Series 6 First Preferred Shares on the applicable Series 5 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 5 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 5 Conversion Date into Series 6 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 6 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 5 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 5 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 6 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 5 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 6 First Preferred Shares registered in the name of the holders of the Series 5 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 5 First Preferred Shares of the certificate or certificates for the Series 5 First Preferred Shares to be converted. If only a part of such Series 5 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 6 Conversion Notice, the Series 5 First Preferred Shares converted into Series 6 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14), shall fail to deliver to the holders of the Series 5 First Preferred Shares to be converted share certificates representing the Series 6 First Preferred Shares into which such shares have been converted.
- (h) The obligation of the Corporation to issue Series 6 First Preferred Shares upon conversion of any Series 5 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
 - (i) the issuing of such Series 6 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 6 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or

- (iii) for any reason beyond its control, the Corporation is unable to issue Series 6 First Preferred Shares or is unable to deliver Series 6 First Preferred Shares.

- (i) The Corporation reserves the right not to deliver Series 6 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 6 First Preferred Shares, and the Corporation shall attempt to sell such Series 6 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 6 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 6 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 5 First Preferred Shares shall be entitled to receive \$25.00 per Series 5 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 5 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 5 First Preferred Shares in any respect. After payment to the holders of the Series 5 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 6 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 5 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 5 First Preferred Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 5 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 5 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 5 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 5 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 5 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 5 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 5 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 5 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 5 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 5 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 5 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 5 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9(a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 5 First Preferred Shares without the prior approval of the holders of the Series 5 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 5 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 5 First Preferred Shares and, if all dividends then payable on the Series 5 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 5 First Preferred Shares

The approval of the holders of the Series 5 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 5 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 5 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 5 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 5 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting

shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 5 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 5 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 5 First Preferred Shares. Notice of any such original meeting of the holders of the Series 5 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 5 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 5 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 5 First Preferred Shares shall be required to pay tax on dividends received on the Series 5 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 5 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13). Holders of Series 5 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 5 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 5 First Preferred Shares.

14. Book-Based System

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 5 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 5 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "**CDS & Co.**" (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 5 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 5 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 5 First Preferred Shares:
- (i) the System Operator shall be considered the sole owner of the Series 5 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 5 First Preferred Shares or the delivery of Series 6 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 5 First Preferred Shares, the cash redemption price for the Series 5 First Preferred Shares or certificates, if any, for Series 6 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 5 First Preferred Shares.
- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 5 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 5 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 5 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 5 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (14) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 5 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 5 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 5 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 5 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 5 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 5 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act* with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 5 First Preferred Shares may be listed.

SCHEDULE "F"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The sixth series of First Preferred Shares of the Corporation shall consist of 8,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 6 (the "**Series 6 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 6 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 6 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 4.591%, and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.57%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book- Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 6 First Preferred Shares held through the Book- Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;
 - (ix) "**Common Shares**" means the common shares of the Corporation;

- (x) "**Definitive Share**" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 6 First Preferred Shares;
- (xi) "**Dividend Payment Date**" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) "**First Dividend Payment Date**" means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) "**First Preferred Shares**" means the First Preferred Shares of the Corporation;
- (xiv) "**Fixed Rate Period**" means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter;
- (xv) "**Fixed Rate Calculation Date**" means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) "**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.57%;
- (xvii) "**Floating Rate Calculation Date**" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) "**Global Certificate**" means the global certificate representing outstanding Book-Entry Shares;
- (xix) "**Government of Canada Yield**" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;
- (xx) "**Initial Fixed Rate Period**" means the period from and including the Issue Date to, but excluding, March 31, 2025;

- (xxi) "**Issue Date**" means the date the Series 6 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 5 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 5 of the Corporation;
 - (xxix) "**Series 6 Conversion Date**" means March 31, 2025, and March 31 in every fifth year thereafter;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "on a parity with", "ranking prior to", "ranking junior to" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
 - (c) If any day on which any dividend on the Series 6 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Quarterly Floating Rate Period, the holders of the Series 6 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable quarterly, in the amount per Series 6 First Preferred Share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending on the actual number of days in the applicable year. Each such dividend payable to the holders of Series 6 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 5 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 6 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 6 First Preferred Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 6 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 6 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 6 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 6 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 6 First Preferred Shares outstanding from time to time

- (a) through the facilities of any stock exchange on which the Series 6 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 6 First Preferred Shares outstanding, or
- (c) in any other manner, at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 6 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 6 First Preferred Shares so tendered by each of the holders of Series 6 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 6 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 6 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to:
 - (i) \$25.00 in the case of a redemption on a Series 6 Conversion Date on or after March 31, 2025, or
 - (ii) (ii) \$25.50 in the case of a redemption on any other date after the Issue Date that is not a Series 6 Conversion Date,

(such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 6 First Preferred Shares have been paid to but excluding the date fixed for redemption (the whole constituting the "**cash redemption price**").

- (b) In any case of redemption of Series 6 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 6 First Preferred Shares to be redeemed a written notice of the intention of

the Corporation to redeem such Series 6 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 6 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series 6 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 6 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 6 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 6 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 6 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 6 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 6 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 6 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 5 First Preferred Shares

- (a) Holders of Series 6 First Preferred Shares shall have the right to convert on each Series 6 Conversion Date, subject to the provisions hereof, all or any of their Series 6 First Preferred Shares into Series 5 First Preferred Shares on the basis of one Series 5 First Preferred Share for each Series 6 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 6 Conversion Date, give notice in writing in accordance with the provisions of subparagraph 2(b) to the then registered holders of the Series 6 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 6 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to each Series 6 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 6 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 5 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 6 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).
- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 6 First Preferred Shares of the redemption of all of the Series 6 First Preferred Shares, then the right of a holder of Series 6 First Preferred Shares to convert such Series 6 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 6 First Preferred Shares shall not be entitled to convert their Series 6 First Preferred Shares on a Series 6 Conversion Date into Series 5 First Preferred Shares if the Corporation determines that there would remain outstanding on a Series 6 Conversion Date less than 1,000,000 Series 5 First Preferred Shares, after having taken into account all Series 6 First Preferred Shares tendered for conversion into Series 5 First Preferred Shares and all Series 5 First Preferred Shares tendered for conversion into Series 6 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 6 First Preferred Shares at least seven days prior to the applicable Series 6 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 6 Conversion Date, at the expense of the Corporation, to such holders of Series 6 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 6 First Preferred Shares, certificates representing the Series 6 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 6 Conversion Date less than 1,000,000 Series 6 First Preferred Shares, after having taken into account all Series 6 First Preferred Shares tendered for conversion into Series 5 First Preferred Shares and all Series 5 First Preferred Shares tendered for conversion into Series 6 First Preferred Shares on such Series 6 Conversion Date, then all of the remaining outstanding Series 6 First Preferred Shares shall be converted automatically into Series 5 First Preferred Shares on the basis of one Series 5 First Preferred Share for each Series 6 First Preferred Share on the applicable Series 6 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 6 First Preferred Shares at least seven days prior to the Series 6 Conversion Date.

- (e) The conversion right may be exercised by a holder of Series 6 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 6 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 6 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 6 Conversion Date. The Series 6 Conversion Notice shall indicate the number of Series 6 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 5 First Preferred Shares are in the Book-Based System, if the Series 5 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 6 First Preferred Shares to be converted, the Series 6 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 5 First Preferred Shares in some other name or names (the "**Series 5 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 5 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 5 Transferee to hold such Series 5 First Preferred Shares.
- (f) If all remaining outstanding Series 6 First Preferred Shares are to be converted into Series 5 First Preferred Shares on the applicable Series 6 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 6 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 6 Conversion Date into Series 5 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 5 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 6 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 6 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 5 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 6 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 5 First Preferred Shares registered in the name of the holders of the Series 6 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 6 First Preferred Shares of the certificate or certificates for the Series 6 First Preferred Shares to be converted. If only a part of such Series 6 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 6 Conversion Notice, the Series 6 First Preferred Shares converted into Series 5 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14) shall fail to deliver to the holders of the Series 6 First Preferred Shares to be converted share certificates representing the Series 5 First Preferred Shares into which such shares have been converted.

- (h) The obligation of the Corporation to issue Series 5 First Preferred Shares upon conversion of any Series 6 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
 - (i) the issuing of such Series 5 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 5 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or
 - (iii) for any reason beyond its control, the Corporation is unable to issue Series 5 First Preferred Shares or is unable to deliver Series 5 First Preferred Shares.
- (i) The Corporation reserves the right not to deliver Series 5 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 5 First Preferred Shares, and the Corporation shall attempt to sell such Series 5 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 5 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 5 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 6 First Preferred Shares shall be entitled to receive \$25.00 per Series 6 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 6 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 6 First Preferred Shares in any respect. After payment to the holders of the Series 6 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 6 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 6 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 6 First Preferred Shares, whether or not consecutive and whether or not such dividends have been

declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 6 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 6 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 6 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 6 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 6 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 6 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 6 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 6 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 6 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 6 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 6 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 6 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9 (a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 6 First Preferred Shares without the prior approval of the holders of the Series 6 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 6 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 6 First Preferred Shares and, if all dividends then payable on the Series 6 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 6 First Preferred Shares

The approval of the holders of the Series 6 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 6 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 6 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 6 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 6 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 6 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 6 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 6 First Preferred Shares. Notice of any such original meeting of the holders of the Series 6 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 6 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 6 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 6 First Preferred Shares shall be required to pay tax on dividends received on the Series 6 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

- (a) Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

- (b) Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 6 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13).
- (c) Holders of Series 6 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 6 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 6 First Preferred Shares.

14. **Book-Based System**

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 6 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 6 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "**CDS & Co.**" (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 6 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 6 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 6 First Preferred Shares:
 - (i) the System Operator shall be considered the sole owner of the Series 6 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 6 First Preferred Shares or the delivery of Series 5 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion, shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 6 First Preferred Shares, the cash redemption price for the Series 6 First Preferred Shares or certificates, if any, for Series 5 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 6 First Preferred Shares.

- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 6 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 6 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 6 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.
- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 6 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (14) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 6 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 6 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 6 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 6 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 6 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 6 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act*, with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 6 First Preferred Shares may be listed.

SCHEDULE "G"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The seventh series of First Preferred Shares of the Corporation shall consist of 6,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 7 (the "**Series 7 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 7 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 7 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 3.935%; and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.52%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book- Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 7 First Preferred Shares held through the Book- Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;
 - (ix) "**Common Shares**" means the common shares of the Corporation;

- (x) **"Definitive Share"** means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 7 First Preferred Shares;
- (xi) **"Dividend Payment Date"** means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) **"First Dividend Payment Date"** means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) **"First Preferred Shares"** means the First Preferred Shares of the Corporation;
- (xiv) **"Fixed Rate Period"** means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, June 30 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, June 30 in the fifth year thereafter;
- (xv) **"Fixed Rate Calculation Date"** means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) **"Floating Quarterly Dividend Rate"** means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.52%;
- (xvii) **"Floating Rate Calculation Date"** means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) **"Global Certificate"** means the global certificate representing outstanding Book- Entry Shares;
- (xix) **"Government of Canada Yield"** on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;
- (xx) **"Initial Fixed Rate Period"** means the period from and including the Issue Date to, but excluding, June 30, 2025;

- (xxi) "**Issue Date**" means the date the Series 7 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 7 Conversion Date**" means June 30, 2025, and June 30 in every fifth year thereafter;
 - (xxix) "**Series 8 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 8 of the Corporation;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "**on a parity with**", "**ranking prior to**"; "**ranking junior to**" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any day on which any dividend on the Series 7 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Fixed Rate Period, the holders of the Series 7 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly, in the amount per Series 7 First Preferred Share determined by multiplying one quarter of the Annual Fixed Dividend Rate for such Fixed Rate Period by \$25.00. Each such dividend payable to the holders of Series 7 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 7 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid or other distribution made on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 7 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 7 First Preferred Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Fixed Rate Period to the registered holders of the then outstanding Series 7 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 7 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 7 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 7 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 7 First Preferred Shares outstanding from time to time

- (a) through the facilities of any stock exchange on which the Series 7 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 7 First Preferred Shares outstanding, or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 7 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 7 First Preferred Shares so tendered by each of the holders of Series 7 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 7 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), on June 30, 2025, and on June 30 in every fifth year thereafter, the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 7 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 (such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (the whole constituting the "**cash redemption price**").
- (b) In any case of redemption of Series 7 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 7 First Preferred Shares to be redeemed a written notice of the intention of the Corporation to redeem such Series 7 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 7 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid

to or to the order of the registered holders of the Series 7 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 7 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 7 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 7 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 7 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 7 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 7 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 7 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 8 First Preferred Shares

- (a) Holders of Series 7 First Preferred Shares shall have the right to convert on each Series 7 Conversion Date, subject to the provisions hereof, all or any of their Series 7 First Preferred Shares into Series 8 First Preferred Shares on the basis of one Series 8 First Preferred Share for each Series 7 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 7 Conversion Date, give notice in writing in accordance with the provisions of subparagraph (2)(b) to the then registered holders of the Series 7 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 7 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to

each Series 7 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 7 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 7 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 8 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).

- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 7 First Preferred Shares of the redemption of all of the Series 7 First Preferred Shares, then the right of a holder of Series 7 First Preferred Shares to convert such Series 7 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 7 First Preferred Shares shall not be entitled to convert their Series 7 Preferred Shares into Series 8 First Preferred Shares on a Series 7 Conversion Date if the Corporation determines that there would remain outstanding on a Series 7 Conversion Date less than 1,000,000 Series 8 First Preferred Shares, after having taken into account all Series 7 First Preferred Shares tendered for conversion into Series 8 First Preferred Shares and all Series 8 First Preferred Shares tendered for conversion into Series 7 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 7 First Preferred Shares at least seven days prior to the applicable Series 7 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 7 Conversion Date, at the expense of the Corporation, to such holders of Series 7 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 7 First Preferred Shares, certificates representing the Series 7 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 7 Conversion Date less than 1,000,000 Series 7 First Preferred Shares, after having taken into account all Series 7 First Preferred Shares tendered for conversion into Series 8 First Preferred Shares and all Series 8 First Preferred Shares tendered for conversion into Series 7 First Preferred Shares on such Series 7 Conversion Date, then all of the remaining outstanding Series 7 First Preferred Shares shall be converted automatically into Series 8 First Preferred Shares on the basis of one Series 8 First Preferred Share for each Series 7 First Preferred Share on the applicable Series 7 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 7 First Preferred Shares at least seven days prior to the Series 7 Conversion Date.
- (e) The conversion right may be exercised by a holder of Series 7 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 7 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 7 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 7 Conversion Date. The Series 7 Conversion Notice shall indicate the number of Series 7 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 8 First Preferred Shares are in the Book-Based System, if the Series 8 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 7

First Preferred Shares to be converted, the Series 7 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 8 First Preferred Shares in some other name or names (the "**Series 8 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 8 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 8 Transferee to hold such Series 8 First Preferred Shares.

- (f) If all remaining outstanding Series 7 First Preferred Shares are to be converted into Series 8 First Preferred Shares on the applicable Series 7 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 7 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 7 Conversion Date into Series 8 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 8 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 7 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 7 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 8 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 7 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 8 First Preferred Shares registered in the name of the holders of the Series 7 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 7 First Preferred Shares of the certificate or certificates for the Series 7 First Preferred Shares to be converted. If only a part of such Series 7 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 8 Conversion Notice, the Series 7 First Preferred Shares converted into Series 8 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14), shall fail to deliver to the holders of the Series 7 First Preferred Shares to be converted share certificates representing the Series 8 First Preferred Shares into which such shares have been converted.
- (h) The obligation of the Corporation to issue Series 8 First Preferred Shares upon conversion of any Series 7 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
 - (i) the issuing of such Series 8 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 8 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or

- (iii) for any reason beyond its control, the Corporation is unable to issue Series 8 First Preferred Shares or is unable to deliver Series 8 First Preferred Shares.

- (i) The Corporation reserves the right not to deliver Series 8 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 8 First Preferred Shares, and the Corporation shall attempt to sell such Series 8 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 8 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 8 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 7 First Preferred Shares shall be entitled to receive \$25.00 per Series 7 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 7 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 7 First Preferred Shares in any respect. After payment to the holders of the Series 7 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 7 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 7 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 7 First Preferred Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 7 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 7 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 7 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 7 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 7 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 7 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 7 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 7 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 7 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 7 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 7 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 7 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9(a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 7 First Preferred Shares without the prior approval of the holders of the Series 7 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 7 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 7 First Preferred Shares and, if all dividends then payable on the Series 7 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 7 First Preferred Shares

The approval of the holders of the Series 7 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 7 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 7 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 7 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 7 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting

shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 7 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 7 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 7 First Preferred Shares. Notice of any such original meeting of the holders of the Series 7 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 7 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 7 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 7 First Preferred Shares shall be required to pay tax on dividends received on the Series 7 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority. Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 7 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13). Holders of Series 7 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 7 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 7 First Preferred Shares.

14. Book-Based System

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 7 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 7 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 7 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 7 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 7 First Preferred Shares:
 - (i) the System Operator shall be considered the sole owner of the Series 7 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 7 First Preferred Shares or the delivery of Series 8 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 7 First Preferred Shares, the cash redemption price for the Series 7 First Preferred Shares or certificates, if any, for Series 8 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 7 First Preferred Shares.
- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 7 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 7 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 7 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.

- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 7 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (14) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 7 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 7 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 7 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 7 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 7 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 7 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act* with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 7 First Preferred Shares may be listed.

SCHEDULE "H"

Attached to and forming part of the Articles of Amendment of

CENOVUS ENERGY INC. (the "Corporation")

The eighth series of First Preferred Shares of the Corporation shall consist of 6,000,000 shares designated as Cumulative Redeemable First Preferred Shares, Series 8 (the "**Series 8 First Preferred Shares**"). In addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, the rights, privileges, restrictions and conditions attaching to the Series 8 First Preferred Shares shall be as follows:

1. Interpretation

- (a) In these Series 8 First Preferred Share provisions, the following expressions have the meanings indicated:
- (i) "**Annual Fixed Dividend Rate**" means: (i) for the Initial Fixed Rate Period, 3.935%; and (ii) thereafter, for any Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.52%;
 - (ii) "**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service or its successor service (or such other page as may replace the "GCAN5YR<INDEX>" page on that service or its successor service) for purposes of displaying Government of Canada bond yields;
 - (iii) "**Board of Directors**" means the board of directors of the Corporation;
 - (iv) "**Book-Based System**" means the record entry securities transfer and pledge system administered by the System Operator in accordance with the operating rules and procedures of the System Operator in force from time to time and any successor system thereof;
 - (v) "**Book-Entry Holder**" means the person that is the beneficial holder of a Book-Entry Share;
 - (vi) "**Book-Entry Shares**" means the Series 8 First Preferred Shares held through the Book-Based System;
 - (vii) "**Business Day**" means a day on which chartered banks are generally open for business in both Calgary, Alberta and Toronto, Ontario;
 - (viii) "**CDS**" means CDS Clearing and Depository Services Inc. or any successor thereof;
 - (ix) "**Common Shares**" means the common shares of the Corporation;

- (x) "**Definitive Share**" means a fully registered, typewritten, printed, lithographed, engraved or otherwise produced share certificate representing one or more Series 8 First Preferred Shares;
- (xi) "**Dividend Payment Date**" means the last day of March, June, September and December in each year; provided that, if such date is not a Business Day, the applicable Dividend Payment Date will be the next succeeding Business Day;
- (xii) "**First Dividend Payment Date**" means the first Dividend Payment Date occurring after the Issue Date;
- (xiii) "**First Preferred Shares**" means the First Preferred Shares of the Corporation;
- (xiv) "**Fixed Rate Period**" means: (i) first, the Initial Fixed Rate Period; (ii) second, the period from and including the day immediately following the last day of the Initial Fixed Rate Period to, but excluding, June 30 in the fifth year thereafter; and (iii) subsequently, the period from and including the day immediately following the last day of the immediately preceding Fixed Rate Period to, but excluding, June 30 in the fifth year thereafter;
- (xv) "**Fixed Rate Calculation Date**" means, for any Fixed Rate Period, the 30th day prior to the first day of such Fixed Rate Period;
- (xvi) "**Floating Quarterly Dividend Rate**" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005 % being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.52%;
- (xvii) "**Floating Rate Calculation Date**" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period;
- (xviii) "**Global Certificate**" means the global certificate representing outstanding Book-Entry Shares;
- (xix) "**Government of Canada Yield**" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years;
- (xx) "**Initial Fixed Rate Period**" means the period from and including the Issue Date to, but excluding, June 30, 2025;

- (xxi) "**Issue Date**" means the date the Series 8 First Preferred Shares created pursuant to these Articles of Amendment are issued;
 - (xxii) "**Liquidation**" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
 - (xxiii) "**Participants**" means the participants in the Book-Based System;
 - (xxiv) "**Pro Rated Dividend**" means the amount determined by multiplying the amount of the dividend payable for a Quarter in which a Liquidation, conversion or redemption is to occur by four and multiplying that product by a fraction, the numerator of which is the number of days from and including the Dividend Payment Date immediately preceding the date fixed for Liquidation, conversion or redemption to but excluding such date and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year;
 - (xxv) "**Quarter**" means a three-month period ending on a Dividend Payment Date;
 - (xxvi) "**Quarterly Commencement Date**" means the last day of March, June, September and December in each year;
 - (xxvii) "**Quarterly Floating Rate Period**" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date;
 - (xxviii) "**Series 7 First Preferred Shares**" means the Cumulative Redeemable First Preferred Shares, Series 7 of the Corporation;
 - (xxix) "**Series 8 Conversion Date**" means June 30, 2025, and June 30 in every fifth year thereafter;
 - (xxx) "**System Operator**" means CDS or its nominee or any successor thereof; and
 - (xxxi) "**T-Bill Rate**" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.
- (b) The expressions "**on a parity with**", "**ranking prior to**", "**ranking junior to**" and similar expressions refer to the order of priority in the payment of dividends or in the distribution of assets in the event of any Liquidation.
- (c) If any day on which any dividend on the Series 8 First Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

2. Dividends

- (a) During each Quarterly Floating Rate Period, the holders of the Series 8 First Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the moneys of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable quarterly, in the amount per Series 8 First Preferred Share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending on the actual number of days in the applicable year. Each such dividend payable to the holders of Series 8 First Preferred Shares shall be paid (less any tax required to be deducted or withheld by the Corporation), if declared by the Board of Directors, on each Dividend Payment Date; provided, however, that the amount of the dividend payable to each holder of Series 8 First Preferred Shares on the First Dividend Payment Date under this paragraph 2(a) shall be reduced by the amount, if any, of any dividend paid on any securities (for the purpose of this paragraph, the "**initial securities**") transferred to the Corporation in exchange for the issuance of such Series 8 First Preferred Shares in respect of all or part of such Quarter ended on or prior to the First Dividend Payment Date pursuant to the rights, privileges, restrictions and conditions attaching to such initial securities.
- (b) On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series 8 First Preferred Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 8 First Preferred Shares. Each such notice shall be given by electronic transmission, by facsimile transmission or by ordinary unregistered first class prepaid mail addressed to each holder of Series 8 First Preferred Shares at the last address of such holder as it appears on the books of the Corporation or, in the event of the address of any holder not so appearing, to the address of such holder last known to the Corporation.
- (c) If a dividend has been declared for a Quarter and a date is fixed for a Liquidation, redemption or conversion that is prior to the Dividend Payment Date for such Quarter, a Pro Rated Dividend shall be payable on the date fixed for such Liquidation, redemption or conversion instead of the dividend declared, but if such Liquidation, redemption or conversion does not occur, then the full amount of the dividend declared shall be payable on the originally scheduled Dividend Payment Date.
- (d) If the dividend payable on any Dividend Payment Date is not paid in full on such date on all of the Series 8 First Preferred Shares then outstanding, such dividend or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient moneys properly applicable, under the provisions of any applicable law, to the payment of the dividend.
- (e) Cheques of the Corporation payable in lawful money of Canada at par at any branch of the Corporation's bankers in Canada may be issued in respect of the dividends (less any tax or other amount required to be deducted or withheld) and payment of the cheques shall satisfy such dividends, or payments in respect of dividends may be made in any other manner determined by the Corporation.

- (f) The holders of the Series 8 First Preferred Shares shall not be entitled to any dividend other than as specified in this paragraph (2).

3. Purchase for Cancellation

Subject to the provisions of paragraphs (5) and (9) and subject to such provisions of the *Canada Business Corporations Act* as may be applicable, the Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Series 8 First Preferred Shares outstanding from time to time

- (a) through the facilities of any stock exchange on which the Series 8 First Preferred Shares are listed,
- (b) by invitation for tenders addressed to all the holders of record of the Series 8 First Preferred Shares outstanding, or
- (c) in any other manner,

at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. If upon any invitation for tenders under the provisions of this paragraph (3) more Series 8 First Preferred Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is willing to purchase, the Corporation shall accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices, and if more shares are tendered at any such price than the Corporation is prepared to purchase, then the shares tendered at such price shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Series 8 First Preferred Shares so tendered by each of the holders of Series 8 First Preferred Shares who submit tenders at that price. From and after the date of purchase of any Series 8 First Preferred Shares under the provisions of this paragraph (3), the shares so purchased shall be restored to the status of authorized but unissued shares.

4. Redemption

- (a) Subject to the provisions of paragraph (9), the Corporation, upon giving notice as herein provided, may redeem all or any part of the Series 8 First Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to
 - (i) \$25.00 in the case of a redemption on a Series 8 Conversion Date on or after June 30, 2025, or
 - (ii) \$25.50 in the case of a redemption on any other date after the Issue Date that is not a Series 8 Conversion Date,

(such amount being the "**redemption amount**") plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 8 First Preferred Shares have been paid to but excluding the date fixed for redemption (the whole constituting the "**cash redemption price**").

- (b) In any case of redemption of Series 8 First Preferred Shares under the provisions of this paragraph (4), the Corporation shall, at least 30 days and not more than 60 days before the date specified for redemption, mail to each person who at the date of mailing is a registered holder of Series 8 First Preferred Shares to be redeemed a written notice of the intention of

the Corporation to redeem such Series 8 First Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at the holder's address as it appears on the books of the Corporation or, in the event of the address of any such holder not so appearing, to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the cash redemption price and the date on which redemption is to take place and, if part only of the Series 8 First Preferred Shares held by the person to whom it is addressed is to be redeemed, the number so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series 8 First Preferred Shares to be redeemed the cash redemption price (less any tax or other amount required to be deducted or withheld) on presentation and surrender at the head office of the Corporation or any other place designated in such notice of the certificates for the Series 8 First Preferred Shares called for redemption, subject to the provisions of paragraph (14). Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada. Such Series 8 First Preferred Shares shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares. If a part only of the shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any such notice, the Series 8 First Preferred Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any Series 8 First Preferred Shares, to deposit the cash redemption price (less any tax or other amount required to be deducted or withheld) of the shares so called for redemption, or of such of the shares represented by certificates that have not at the date of such deposit been surrendered by the holders in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 8 First Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 8 First Preferred Shares in respect of which such deposit shall have been made shall then be and be deemed to be redeemed and shall be restored to the status of authorized but unissued shares and the rights of the holders after such deposit or such redemption date shall be limited to receiving without interest their proportionate part of the total cash redemption price so deposited against presentation and surrender of the certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Corporation and any unclaimed funds remaining on deposit on the fifth anniversary date of the redemption shall be dealt with in accordance with the provisions of the *Unclaimed Personal Property and Vested Property Act* (Alberta). Subject to such provisions of the *Canada Business Corporations Act* as may be applicable, if less than all of the then outstanding Series 8 First Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent and registrar, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed *pro rata* (disregarding fractions).

5. Conversion into Series 7 First Preferred Shares

- (a) Holders of Series 8 First Preferred Shares shall have the right to convert on each Series 8 Conversion Date, subject to the provisions hereof, all or any of their Series 8 First Preferred Shares into Series 7 First Preferred Shares on the basis of one Series 7 First Preferred Share for each Series 8 First Preferred Share. The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series 8 Conversion Date, give notice in writing in accordance with the provisions in subparagraph 2(b) to the then registered holders of the Series 8 First Preferred Shares of the conversion right provided for in this paragraph (5), which notice shall set out the Series 8 Conversion Date and instructions to such holders as to the method by which such conversion right may be exercised. On the 30th day prior to each Series 8 Conversion Date, the Corporation shall give notice in writing to the then registered holders of the Series 8 First Preferred Shares of the Annual Fixed Dividend Rate for the Series 7 First Preferred Shares for the next succeeding Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 8 First Preferred Shares for the next succeeding Quarterly Floating Rate Period. Such notice shall be delivered in accordance with the provisions of subparagraph (2)(b).
- (b) If the Corporation gives notice as provided in paragraph (4) to the holders of the Series 8 First Preferred Shares of the redemption of all of the Series 8 First Preferred Shares, then the right of a holder of Series 8 First Preferred Shares to convert such Series 8 First Preferred Shares shall terminate effective on the date of such notice and the Corporation shall not be required to give the notice specified in subparagraph (a) of this paragraph (5).
- (c) Holders of Series 8 First Preferred Shares shall not be entitled to convert their Series 8 First Preferred Shares on a Series 8 Conversion Date into Series 7 First Preferred Shares if the Corporation determines that there would remain outstanding on a Series 8 Conversion Date less than 1,000,000 Series 7 First Preferred Shares, after having taken into account all Series 8 First Preferred Shares tendered for conversion into Series 7 First Preferred Shares and all Series 7 First Preferred Shares tendered for conversion into Series 8 First Preferred Shares, and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to all affected registered holders of the Series 8 First Preferred Shares at least seven days prior to the applicable Series 8 Conversion Date and shall issue and deliver, or cause to be delivered, prior to such Series 8 Conversion Date, at the expense of the Corporation, to such holders of Series 8 First Preferred Shares who have surrendered for conversion any certificate or certificates representing Series 8 First Preferred Shares, certificates representing the Series 8 First Preferred Shares represented by any certificate or certificates so surrendered.
- (d) If the Corporation determines that there would remain outstanding on a Series 8 Conversion Date less than 1,000,000 Series 8 First Preferred Shares, after having taken into account all Series 8 First Preferred Shares tendered for conversion into Series 7 First Preferred Shares and all Series 7 First Preferred Shares tendered for conversion into Series 8 First Preferred Shares on such Series 8 Conversion Date, then all of the remaining outstanding Series 8 First Preferred Shares shall be converted automatically into Series 7 First Preferred Shares on the basis of one Series 7 First Preferred Share for each Series 8 First Preferred Share on the applicable Series 8 Conversion Date and the Corporation shall give notice in writing thereof in accordance with the provisions of subparagraph (2)(b) to the then registered holders of such remaining Series 8 First Preferred Shares at least seven days prior to the Series 8 Conversion Date.

- (e) The conversion right may be exercised by a holder of Series 8 First Preferred Shares by notice in writing, in a form satisfactory to the Corporation (the "**Series 8 Conversion Notice**"), which notice must be received by the transfer agent and registrar for the Series 8 First Preferred Shares at the principal office in Toronto or Calgary of such transfer agent and registrar not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 8 Conversion Date. The Series 8 Conversion Notice shall indicate the number of Series 8 First Preferred Shares to be converted. Once received by the transfer agent and registrar on behalf of the Corporation, the election of a holder to convert is irrevocable. Except in the case where the Series 7 First Preferred Shares are in the Book-Based System, if the Series 7 First Preferred Shares are to be registered in a name or names different from the name or names of the registered holder of the Series 8 First Preferred Shares to be converted, the Series 8 Conversion Notice shall contain written notice in form and execution satisfactory to such transfer agent and registrar directing the Corporation to register the Series 7 First Preferred Shares in some other name or names (the "**Series 7 Transferee**") and stating the name or names (with addresses) and a written declaration, if required by the Corporation or by applicable law, as to the residence and share ownership status of the Series 7 Transferee and such other matters as may be required by such law in order to determine the entitlement of such Series 7 Transferee to hold such Series 7 First Preferred Shares.
- (f) If all remaining outstanding Series 8 First Preferred Shares are to be converted into Series 7 First Preferred Shares on the applicable Series 8 Conversion Date as provided for in subparagraph (d) of this paragraph (5), the Series 8 First Preferred Shares that holders have not previously elected to convert shall be converted on the Series 8 Conversion Date into Series 7 First Preferred Shares and the holders thereof shall be deemed to be holders of Series 7 First Preferred Shares at 5:00 p.m. (Toronto time) on the Series 8 Conversion Date and shall be entitled, upon surrender during regular business hours at the principal office in Toronto or Calgary of the transfer agent and registrar of the Corporation of the certificate or certificates representing Series 7 First Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 7 First Preferred Shares in the manner and subject to the provisions of this paragraph (5) and paragraph (14).
- (g) Subject to subparagraph (h) of this paragraph (5) and paragraph (14), as promptly as practicable after the Series 8 Conversion Date the Corporation shall deliver or cause to be delivered certificates representing the Series 7 First Preferred Shares registered in the name of the holders of the Series 8 First Preferred Shares to be converted, or as such holders shall have directed, on presentation and surrender at the principal office in Toronto or Calgary of the transfer agent and registrar for the Series 8 First Preferred Shares of the certificate or certificates for the Series 8 First Preferred Shares to be converted. If only a part of such Series 8 First Preferred Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified in any Series 8 Conversion Notice, the Series 8 First Preferred Shares converted into Series 7 First Preferred Shares shall cease to be outstanding and shall be restored to the status of authorized but unissued shares, and the holders thereof shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders in respect thereof unless the Corporation, subject to paragraph (14), shall fail to deliver to the holders of the Series 8 First Preferred Shares to be converted share certificates representing the Series 7 First Preferred Shares into which such shares have been converted.

- (h) The obligation of the Corporation to issue Series 7 First Preferred Shares upon conversion of any Series 8 First Preferred Shares shall be deferred during the continuance of any one or more of the following events:
- (i) the issuing of such Series 7 First Preferred Shares is prohibited pursuant to any agreement or arrangement entered into by the Corporation to assure its solvency or continued operation;
 - (ii) the issuing of such Series 7 First Preferred Shares is prohibited by law or by any regulatory or other authority having jurisdiction over the Corporation that is acting in conformity with law; or
 - (iii) for any reason beyond its control, the Corporation is unable to issue Series 7 First Preferred Shares or is unable to deliver Series 7 First Preferred Shares.
- (i) The Corporation reserves the right not to deliver Series 7 First Preferred Shares to any person that the Corporation or its transfer agent and registrar has reason to believe is a person whose address is in, or that the Corporation or its transfer agent and registrar has reason to believe is a resident of any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction. In those circumstances, the Corporation shall hold, as agent of any such person, all or the relevant number of Series 7 First Preferred Shares, and the Corporation shall attempt to sell such Series 7 First Preferred Shares to parties other than the Corporation and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as the Corporation, in its sole discretion, may determine. The Corporation shall not be subject to any liability for failure to sell Series 7 First Preferred Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by the Corporation from the sale of any such Series 7 First Preferred Shares (less any tax or other amount required to be deducted or withheld) shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by the Corporation.

6. Liquidation, Dissolution or Winding-up

In the event of a Liquidation, the holders of the Series 8 First Preferred Shares shall be entitled to receive \$25.00 per Series 8 First Preferred Share plus all accrued and unpaid dividends thereon, which for such purpose shall be calculated on a *pro rata* basis for the period from and including the last Dividend Payment Date on which dividends on the Series 8 First Preferred Shares have been paid to but excluding the date of such Liquidation, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series 8 First Preferred Shares in any respect. After payment to the holders of the Series 8 First Preferred Shares of the amount so payable to them pursuant to this paragraph (6), they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

7. Voting Rights

The holders of Series 8 First Preferred Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preferred Shares as a class and meetings of the holders of Series 8 First Preferred Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series 8 First Preferred Shares, whether or not consecutive and whether or not such dividends have been

declared and whether or not there are any moneys of the Corporation for the payment of such dividends. In the event of such non-payment, the holders of Series 8 First Preferred Shares shall have the right to receive notice of and to attend each meeting of shareholders of the Corporation at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurs (other than separate meetings of holders of another class or series of shares), and such holders of Series 8 First Preferred Shares shall have the right, at any such meeting, to one vote with respect to resolutions to elect directors for each Series 8 First Preferred Share held until all such arrears of dividends have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this paragraph (7).

8. Restrictions on Partial Redemption or Purchase

So long as any of the Series 8 First Preferred Shares are outstanding, the Corporation shall not call for redemption, purchase, reduce or otherwise pay for less than all the Series 8 First Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 8 First Preferred Shares with respect to payment of dividends unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on all such shares then outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

9. Restrictions on Payment of Dividends and Reduction of Junior Capital

So long as any of the Series 8 First Preferred Shares are outstanding, the Corporation shall not:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series 8 First Preferred Shares) on the Common Shares or any other shares of the Corporation ranking junior to the Series 8 First Preferred Shares with respect to payment of dividends; or
- (b) call for redemption, purchase, reduce the stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Series 8 First Preferred Shares with respect to repayment of capital or with respect to payment of dividends;

unless all dividends up to and including the dividends payable on the last preceding Dividend Payment Dates on the Series 8 First Preferred Shares and on all other preferred shares ranking prior to or on a parity with the Series 8 First Preferred Shares with respect to payment of dividends then outstanding shall have been declared and paid or set apart for payment at the date of any such action referred to in subparagraphs 9 (a) and (b).

10. Issue of Additional Preferred Shares

No class of shares may be created or issued ranking as to repayment of capital or payment of dividends prior to the Series 8 First Preferred Shares without the prior approval of the holders of the Series 8 First Preferred Shares given as specified in paragraph (11), nor shall the number of Series 8 First Preferred Shares be increased without such approval; provided, however, that nothing in this paragraph (10) shall prevent the Corporation from creating additional series of Preferred Shares on a parity with the Series 8 First Preferred Shares and, if all dividends then payable on the Series 8 First Preferred Shares shall have been paid or set apart for payment, from issuing additional series of Preferred Shares without such approval.

11. Sanction by Holders of Series 8 First Preferred Shares

The approval of the holders of the Series 8 First Preferred Shares with respect to any and all matters referred to in these share provisions may be given in writing by all of the holders of the Series 8 First Preferred Shares outstanding or by resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at a meeting of the holders of the Series 8 First Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Series 8 First Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Series 8 First Preferred Shares then outstanding are not present in person or so represented by proxy within 30 minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than 15 days later, and to such time and place as may be fixed by the chairman of such meeting, and at such adjourned meeting the holders of Series 8 First Preferred Shares present in person or so represented by proxy, whether or not they hold a majority of all Series 8 First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried by not less than two-thirds of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Series 8 First Preferred Shares. Notice of any such original meeting of the holders of the Series 8 First Preferred Shares shall be given not less than 21 days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than 10 days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct of it shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting, each holder of Series 8 First Preferred Shares present in person or represented by proxy shall be entitled to one vote for each of the Series 8 First Preferred Shares held by such holder.

12. Tax Election

The Corporation shall elect, in the manner and within the time provided under section 191.2 of the *Income Tax Act* (Canada) or any successor or replacement provision of similar effect, to pay tax at a rate, and shall take all other action necessary and permitted under such Act, such that no corporate holder of Series 8 First Preferred Shares shall be required to pay tax on dividends received on the Series 8 First Preferred Shares under section 187.2 of such Act or any successor or replacement provision of similar effect.

13. Withholding Tax

- (a) Notwithstanding any other provision of these share provisions, the Corporation may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and shall remit any such amounts to the relevant tax authority as required. If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these share provisions is less than the amount that the Corporation is so required to deduct or withhold, the Corporation shall be permitted to deduct and withhold from any non-cash payment, distribution, issuance or delivery to be made pursuant to these share provisions any amounts required by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

- (b) Notwithstanding the foregoing, the amount of any payment, distribution, issuance or delivery made to a holder of Series 8 First Preferred Shares pursuant to these share provisions shall be considered to be the amount of the payment, distribution, issuance or delivery received by such holder plus any amount deducted or withheld pursuant to this paragraph (13).
- (c) Holders of Series 8 First Preferred Shares shall be responsible for all withholding and other taxes imposed under Part XIII or section 116 of the *Income Tax Act* (Canada), or any successor or replacement provision of similar effect, in respect of any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 8 First Preferred Shares and shall indemnify and hold harmless the Corporation on an after-tax basis for any such taxes imposed on any payment, distribution, issuance or delivery made or credited to them pursuant to these share provisions or in respect of the Series 8 First Preferred Shares.

14. Book-Based System

- (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph (14) and notwithstanding the provisions of paragraphs (1) through (13) of these share provisions, the Series 8 First Preferred Shares shall be evidenced by a single fully registered Global Certificate representing the aggregate number of Series 8 First Preferred Shares issued by the Corporation which shall be held by, or on behalf of, the System Operator as custodian of the Global Certificate for the Participants or issued to the System Operator in uncertificated form and, in either case, registered in the name of "CDS & Co." (or in such other name as the System Operator may use from time to time as its nominee for purposes of the Book-Based System), and registrations of ownership, transfers, surrenders and conversions of Series 8 First Preferred Shares shall be made only through the Book-Based System. Accordingly, subject to subparagraph (c) of this paragraph (14), no beneficial holder of Series 8 First Preferred Shares shall receive a certificate or other instrument from the Corporation or the System Operator evidencing such holder's ownership thereof, and no such holder shall be shown on the records maintained by the System Operator except through a book-entry account of a Participant acting on behalf of such holder.
- (b) Notwithstanding the provisions of paragraphs (1) through (13), so long as the System Operator is the registered holder of the Series 8 First Preferred Shares:
 - (i) the System Operator shall be considered the sole owner of the Series 8 First Preferred Shares for the purposes of receiving notices or payments on or in respect of the Series 8 First Preferred Shares or the delivery of Series 7 First Preferred Shares and certificates, if any, therefor upon the exercise of rights of conversion; and
 - (ii) the Corporation, pursuant to the exercise of rights of redemption or conversion, shall deliver or cause to be delivered to the System Operator, for the benefit of the beneficial holders of the Series 8 First Preferred Shares, the cash redemption price for the Series 8 First Preferred Shares or certificates, if any, for Series 7 First Preferred Shares against delivery to the Corporation's account with the System Operator of such holders' Series 8 First Preferred Shares.

- (c) If the Corporation determines that the System Operator is no longer willing or able to discharge properly its responsibilities with respect to the Book-Based System and the Corporation is unable to locate a qualified successor or the Corporation elects, or is required by applicable law, to withdraw the Series 8 First Preferred Shares from the Book-Based System, then subparagraphs (a) and (b) of this paragraph shall no longer be applicable to the Series 8 First Preferred Shares and the Corporation shall notify Book-Entry Holders through the System Operator of the occurrence of any such event or election and of the availability of Definitive Shares to Book-Entry Holders. Upon surrender by the System Operator of the Global Certificate, if applicable, to the transfer agent and registrar for the Series 8 First Preferred Shares accompanied by registration instructions for re-registration, the Corporation shall execute and deliver Definitive Shares. The Corporation shall not be liable for any delay in delivering such instructions and may conclusively act and rely on and shall be protected in acting and relying on such instructions. Upon the issuance of Definitive Shares, the Corporation shall recognize the registered holders of such Definitive Shares and the Book-Entry Shares for which such Definitive Shares have been substituted shall be void and of no further effect.
- (d) The provisions of paragraphs (1) through (13) and the exercise of rights of redemption and conversion with respect to Series 8 First Preferred Shares are subject to the provisions of this paragraph (14), and to the extent that there is any inconsistency or conflict between such provisions, the provisions of this paragraph (1) shall prevail.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 8 First Preferred Shares, the Corporation may, at its option, make any payment due to registered holders of Series 8 First Preferred Shares by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Corporation shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Corporation that a payment is to be made by way of a wire or electronic transfer of funds, the Corporation shall provide a notice to the applicable registered holders of Series 8 First Preferred Shares at their respective addresses appearing on the books of the Corporation. Such notice shall request that each applicable registered holder of Series 8 First Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. If the Corporation does not receive account particulars from a registered holder of Series 8 First Preferred Shares prior to the date such payment is to be made, the Corporation shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder. The making of a payment by way of a wire or electronic transfer of funds or the deposit by the Corporation of funds otherwise payable to a holder in a special account or accounts in trust for such holder shall be deemed to constitute payment by the Corporation on the date thereof and shall satisfy and discharge all liabilities of the Corporation for such payment to the extent of the amount represented by such transfer or deposit.

16. Amendments

The provisions attaching to the Series 8 First Preferred Shares may be deleted, varied, modified, amended or amplified by articles of amendment with such approval as may then be required by the *Canada Business Corporations Act*, with any such approval to be given in accordance with paragraph (11) and with any required approvals of any stock exchanges on which the Series 8 First Preferred Shares may be listed.