PREMIUM INCOME CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

Meeting to be held at 8:30 a.m.
July 29, 1999
TSE Conference Centre
The Exchange Tower
130 King Street West
Toronto, Ontario

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT a Special Meeting (the ''Meeting'') of the holders of Preferred Shares and Class A Shares of Premium Income Corporation (the ''Corporation'') will be held at the TSE Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on July 29, 1999, at the hour of 8:30 a.m. (Toronto time) for the following purposes:

1. To consider and, if thought advisable, approve a special resolution (the ''Special Resolution'') amending the Articles of the Corporation to permit the Corporation to write cash covered put options in accordance with the provisions of National Policy Statement No. 39 of the Canadian Securities Administrators, as more fully described in the accompanying Management Information Circular.

2. To transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Holders of Preferred Shares and Class A Shares will be entitled to vote separately as a class on the Special Resolution. A copy of the Special Resolution is attached as Appendix I to the Management Information Circular which accompanies this Notice.

Dated at Toronto, Ontario this 28th day of June, 1999.

By Order of the Board of Directors

JOHN P. MULVIHILL
President and Chief Executive Officer

Note: If you are unable to attend the Meeting in person you are requested to complete, date and sign the enclosed form of proxy and return it in the envelope provided. Proxies should either be mailed, using the envelope provided, to Montreal Trust Company of Canada or, alternatively, delivered by hand to Montreal Trust Company of Canada at 151 Front Street West, 8th Floor, Toronto, Ontario, M5J 2N1. To be used at the Meeting, proxies must be received by Montreal Trust Company of Canada no later than 5:00 p.m. (Toronto time) on the day before the day of the Meeting or any adjournment thereof or may be deposited with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or the day of any adjournment of the Meeting.

PREMIUM INCOME CORPORATION

Premium Income Corporation (the ''Corporation'') is a mutual fund corporation incorporated under the laws of the Province of Ontario on August 27, 1996. The manager of the Corporation is Mulvihill Fund Services Inc. (''Mulvihill'') and the investment manager is Mulvihill Capital Management Inc. (''MCM''). Mulvihill is a wholly-owned subsidiary of MCM. The principal office of each of the Corporation, Mulvihill and MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

A glossary of terms is attached as Appendix II to this Information Circular.

For further information relating to the Corporation, see ''Appendix III – Additional Information''.

DETAILS OF THE PROPOSED AMENDMENT

Background

The Corporation invests in a portfolio (the ''Portfolio'') consisting principally of common shares issued by Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank (individually, a ''Bank'' and collectively, the ''Banks''). To generate additional returns above the dividend income earned on the Portfolio, the Corporation writes covered call options in respect of all or a part of the common shares of the Banks in the Portfolio from time to time.

In addition to writing covered call options, and to the extent permitted by Canadian securities regulators from time to time, the Corporation is permitted to purchase call options with the effect of closing out existing call options written by the Corporation. The Corporation is also permitted to purchase put options in order to protect the Corporation from declines in the market prices of the individual securities in its investment portfolio or in the value of the investment portfolio as a whole. The Corporation may also enter into trades to close out positions in such permitted derivatives.

As the Corporation may also, from time to time, hold a portion of its assets in cash equivalents, it is proposed that the Corporation utilize such cash equivalents to write cash covered put options. As the Corporation is not presently permitted to write cash covered put options pursuant to its Articles and original prospectus document, the approval of shareholders is required in order to write cash covered put options as described herein. The writing of cash covered put options is a permitted activity under National Policy Statement No. 39 of the Canadian Securities Administrators (''NP 39'') and would complement the Corporation's current practice of writing covered call options.

The Proposal

Shareholders are being asked to pass a special resolution in the form attached hereto as Appendix I (the ''Special Resolution'') to permit the Corporation to write cash covered put options in accordance with NP 39. Put options would only be written in respect of a security if, so long as the options are exercisable, the Corporation continues to hold cash equivalents sufficient to acquire the securities underlying the options at the aggregate strike price of such options and the Corporation would not reduce the total amount of cash equivalents held by the Corporation to an amount less than the aggregate strike price of all outstanding put options written by the Corporation.

Utilization of Cash Equivalents

The Corporation is currently permitted to hold a portion of its assets in cash equivalents. If approved, the Special Resolution would enable the Corporation to utilize such cash equivalents to provide cover in respect of the writing of cash covered put options.

Such cash covered put options are intended to generate additional returns and to reduce the net cost of acquiring the securities subject to the put options and will only be written in respect of securities in which the Corporation is permitted to invest.

The writing of put options by the Corporation will involve selling put options. Such options may be either exchange traded options or over-the-counter options. The holder of a put option will have the option, exercisable during a specific time period or at expiry, to sell the securities underlying the option to the Corporation at the strike price per security. By selling put options, the Corporation will receive option premiums, which are generally paid within one business day of the writing of the option. The Corporation however, must maintain cash equivalents in an amount at least equal to the aggregate strike price of all securities underlying the outstanding put options which it has written. If at any time during the term of a put option or at expiry, the market price of the underlying securities is below the strike price, the holder of the option may exercise the option and the Corporation will be obligated to buy the securities from the holder at the strike price per security. In such case, the Corporation will be obligated to acquire a security at a strike price which may exceed the then current market value of such security. However, if at the expiration of the put option, the option is out-of-the-money, the holder of the option will likely not exercise the option and the option will expire. In each case, the Corporation will retain the option premium.

The Corporation is subject to the full risk of its investment position in the securities underlying put options written by the Corporation, should the market price of such securities decline.

There can be no assurance that a liquid exchange or over-the-counter market will exist to permit the Corporation to write cash covered put options on desired terms or to close out option positions should the investment manager desire to do so. In purchasing call or put options or entering into forward or future contracts, the Corporation is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments, or other third party in the case of over-the-counter instruments) may be unable to meet its obligations. The ability of the Corporation to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. Upon the exercise of a put option, the Corporation will be obligated to acquire a security at the strike price which may exceed the then current market value of such security.

In determining its income for tax purposes, the Corporation will treat gains and losses realized on the option premiums received on the writing of cash covered put options and any losses sustained on closing out options as capital gains and capital losses in accordance with Revenue Canada's published administrative practice. Revenue Canada's practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from Revenue Canada. See ''Canadian Federal Income Tax Considerations''.

If, contrary to Revenue Canada's published administrative practice, some or all of the transactions undertaken by the Corporation in respect of options in its investment portfolio were treated on income rather than capital account, after-tax returns to shareholders could be reduced and the Corporation may be subject to non-refundable income tax from such transactions.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors of the Corporation has determined that the proposed amendment contained in the Special Resolution is in the best interests of the Corporation and its shareholders and unanimously recommends that holders of Preferred Shares and Class A Shares vote in favour of the Special Resolution.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Acceptance or rejection of the Special Resolution will not give rise to a disposition of Preferred Shares or Class A Shares or otherwise affect the status of the Corporation or such Shares.

As noted above, the Corporation proposes to write cash covered put options in order to generate additional returns beyond the dividend income earned on the Portfolio and to reduce the cost of securities acquired by the Corporation upon exercise of the cash covered put options. In accordance with Revenue Canada's published administrative practice, the Corporation intends to treat premiums received upon writing cash covered put options, any losses sustained upon closing out such options and any gains or losses realized on disposition of securities acquired by the Corporation upon exercise of a put option as capital gains and losses. Such capital gains and losses will be subject to the same treatment as other capital gains and losses of the Corporation. Revenue Canada's practice is not to grant advance income tax

rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from Revenue Canada.

DISSENT RIGHTS

The holders of Preferred Shares and Class A Shares have the right to dissent from the Special Resolution pursuant to Section 185 of the OBCA. Reference is made to Appendix IV to this Information Circular which contains a summary of this right to dissent.

VOTING SECURITIES AND PRINCIPAL HOLDERS

As of June 14, 1999, there were 4,000,000 Preferred Shares and 4,000,000 Class A Shares outstanding.

As of June 14, 1999, to the knowledge of the directors and officers, no person owns of record more than 10% of the outstanding Preferred Shares or Class A Shares of the Corporation other than CDS & Co., the nominee of The Canadian Depositary for Securities Limited which holds all of such shares as registered owner for various brokers and other persons on behalf of their clients and others and the names of the beneficial owners of such shares are not known to the Corporation.

GENERAL PROXY INFORMATION

Information Circular

This Information Circular is furnished in connection with the solicitation by management of the Corporation of proxies to be used at the Meeting to be held at the time and place and for the purposes set out in the Notice of Special Meeting of Shareholders accompanying this Information Circular. Sending notice of the meeting and soliciting proxies for the meeting will be paid for by the Corporation. Solicitation of proxies will be by mail and may be supplemented by telephone or other personal contact by agents of the Corporation.

Voting Rights, Record Date, Quorum and Proxy Information

To be used at the Meeting, a proxy must be deposited with Montreal Trust Company of Canada at its principal offices in Toronto at any time up to 5:00 p.m. (Toronto time) on the day before the day of the Meeting or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or the day of any adjournment of the Meeting.

Only holders of record at the close of business on June 28, 1999 of Preferred Shares and Class A Shares will be entitled to vote in respect of the matters to be voted on at the Meeting, or any adjournment thereof, including the Special Resolution.

All shares of the Corporation are registered in the name of CDS & Co., the nominee of The Canadian Depositary for Securities Limited, which holds global certificates representing all such shares. In order to ensure that shares beneficially owned by a holder are voted at the Meeting, beneficial holders should ensure that all appropriate instructions regarding voting are given to their brokers or nominees. Typically, brokers now delegate the responsibility for obtaining such instructions from beneficial holders to Independent Investor Communications Corporation which provides beneficial holders with an instruction form. Beneficial holders of shares should ensure that such an instruction form is completed or instructions are given to their broker or nominee in order to ensure that their shares are voted.

With respect to each matter properly before the Meeting, a shareholder shall be entitled to one vote for each share registered in the name of such shareholder.

Pursuant to the Corporation's Articles, a quorum at the Meeting will consist of shareholders present in person or represented by proxy holding not less than one tenth of the outstanding Preferred Shares and one tenth of the outstanding Class A Shares of the Corporation. If the quorum requirement is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the Chairman of the Meeting. If adjourned, the Meeting will be rescheduled for 1:00 p.m. on July 29, 1999. At the adjourned meeting, the business of the Meeting will be transacted by those holders of Preferred Shares and Class A Shares present in person or represented by proxy.

Appointment of Proxy Holders

Shareholders who are unable to be present at the Meeting may still vote through the use of proxies. If you are a shareholder, you should complete, execute and return the enclosed proxy form. By completing and returning the

enclosed proxy form, you can participate in the Meeting through the person or persons named on the form. Please indicate the way you wish to vote on each item of business and your vote will be cast accordingly. **If you do not indicate a preference, the shares represented by the enclosed proxy form, if the same is executed in favour of the management appointees named in the proxy form and deposited as provided in the Notice of Meeting, will be voted in favour of all matters identified in such Notice of Meeting.**

Discretionary Authority of Proxies

The proxy form confers discretionary authority upon the management appointees named therein with respect to such matters, including without limitation an amendment or variation to the Special Resolution, as, though not specifically set forth in the Notice of Meeting, may properly come before the Meeting. The Board of Directors and management does not know of any such matter which may be presented for consideration at the Meeting. However, if any such matter is presented, the proxy will be voted thereon in accordance with the best judgment of the management appointees named in the proxy form.

On any ballot that may be called for at the Meeting, all shares in respect of which the management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the shareholder signing the proxy form. If no such specification is made, then the shares will be voted in favour of all matters identified in the Notice of Meeting.

Alternate Proxy

A shareholder has the right to appoint a person other than the management appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided, or by completing another proxy form. Proxy forms which appoint persons other than the management appointees whose names are printed on the form should be submitted to the Corporation and the person so appointed should be notified. A person acting as proxy need not be a shareholder.

On any ballot that may be called for at the Meeting, all shares in respect of which the person named in a proxy form has been appointed to act shall be voted or withheld from voting in accordance with the specification of the shareholder signing such proxy form. If no such specification is made, then the shares may be voted in accordance with the best judgment of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any amendments to the matters set forth in the Notice of Special Meeting and with respect to any other matters that may properly come before the Meeting, and will be voted on such amendments and other matters in accordance with the best judgment of the person named in such proxy form.

Revocation of Proxies

If the accompanying form of proxy is executed and returned, such proxy may nevertheless be revoked pursuant to subsection 110(4) of the OBCA by an instrument in writing executed by the shareholder or his attorney authorized in writing, as well as in any other manner permitted by law. Any such instrument revoking a proxy must either be deposited at the registered office of the Corporation no later than 5:00 p.m. (Toronto time) on the day before the day of the Meeting or be deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If the instrument of revocation is deposited with the Chairman on the day of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

Approval by the Board of Directors

The contents and mailing to shareholders of this Information Circular have been approved by the Board of Directors of the Corporation.

JOHN P. MULVIHILL
President and Chief Executive Officer

APPENDIX I

PREMIUM INCOME CORPORATION

SPECIAL RESOLUTION OF THE SHAREHOLDERS

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Articles of the Corporation be amended by deleting subparagraph (B) of the definition of ‘‘Shareholder Matters’’ contained in Section D thereof and substituting the following: ‘‘the entering into by the Corporation of transactions involving derivatives other than the writing of covered call options, cash covered put options, the purchase of call options or put options and the entering into of trades by the Corporation to close out positions in such permitted derivatives;’’.

2. The Corporation be and is hereby authorized to make all filings necessary for the issuance of a Certificate of Amendment under the Act to give effect to this Special Resolution.

3. The directors and officers of the Corporation be and they are hereby authorized and directed to take such action and to execute and deliver all such documentation as may be necessary or desirable for the implementation of this Special Resolution.

4. Notwithstanding the provisions hereof, the directors of the Corporation may revoke this Special Resolution at any time prior to the issuance of a Certificate of Amendment under the Act giving effect hereto without further approval of the shareholders of the Corporation.

APPENDIX II

GLOSSARY

cash covered put option means a put option entered into in circumstances where the seller of the put option holds cash equivalents sufficient to acquire the securities underlying the option at the strike price throughout the term of the option.

cash equivalents means, and for the purposes of ''cash cover'' and ''cash covered put option'', ''cash'' as used therein means,

(a) cash on deposit, or

(b) treasury bills or other evidences of indebtedness issued, or fully guaranteed as to principal and interest, by:

(i) any of the Federal or Provincial Governments of Canada; or

(ii) the Government of the United States;

provided that such treasury bills or other evidences of indebtedness have a rating of at least R-1 (mid) by Dominion Bond Rating Service Limited or the equivalent rating from another approved rating organization and mature in less than one year; or

(c) an evidence of deposit, maturing in less than one year, issued, or fully guaranteed as to principal and interest, by:

(i) a bank to which the *Bank Act* (Canada) applies; or

(ii) a loan corporation or trust company registered under applicable federal or provincial legislation;

provided that the short term debt instruments of such institution have a rating of at least R-1 (mid) by Dominion Bond Rating Service Limited or the equivalent rating from another approved rating organization.

out-of-the-money in relation to a put option, means a put option with a strike price less than the current market price of the underlying security.

permitted derivative means clearing corporation options, futures contracts, options on futures, over-the-counter options, and forward contracts.

put option means the right, but not the obligation, of the option holder to sell a security to the seller of the option at a specified price at anytime during a specified time period or at expiry.

strike price in relation to a put option, means the price at which the option holder may sell the underlying security.

APPENDIX III

ADDITIONAL INFORMATION

MANAGEMENT OF THE CORPORATION

Directors and Officers

The following are the names, municipalities of residence, office and principal occupations of the directors and officers of the Company:

Name and Municipality of Residence	Office	Principal Occupation
JOHN P. MULVIHILL Toronto, Ontario	President, Secretary and Director	Chairman and President, MCM
DAVID N. MIDDLETON Toronto, Ontario	Chief Financial Officer and Director	Vice President, Finance, MCM
ROBERT W. KORTHALS Toronto, Ontario	Director	Corporate Director
C. EDWARD MEDLAND Toronto, Ontario	Director	President Beauwood Investments Inc. (private investment company)

Except as indicated below, each of the foregoing has held his current office or has held a similar office in MCM during the five years preceding the date hereof.

Prior to joining MCM, David N. Middleton was Manager of Finance, Creson Corporation, Toronto, Ontario from March 1990 to March 1995. Robert W. Korthals was President of The Toronto-Dominion Bank from May 1981 until January 1995.

The independent directors of the Corporation are paid an annual fee of $7,000 and a fee for each board meeting attended of $500.

The Manager

Pursuant to a management agreement dated October 17, 1996 (the ''Management Agreement''), Mulvihill Fund Services Inc. (''Mulvihill'') is the manager of the Corporation and, as such, is responsible for providing or arranging for required administrative services to the Corporation. Mulvihill is a wholly-owned subsidiary of Mulvihill Capital Management Inc. (''MCM'').

JOHN P. MULVIHILL Toronto, Ontario	President, Secretary and Director
DAVID N. MIDDLETON Toronto, Ontario	Treasurer and Director
JOHN H. SIMPSON Toronto, Ontario	Director

Mulvihill receives fees for its services under the Management Agreement equal to an annual rate of 0.10% of the Corporation's net asset value calculated and payable monthly, plus applicable taxes and is reimbursed for all reasonable costs and expenses incurred by Mulvihill on behalf of the Corporation. In addition, Mulvihill and each of its directors, officers, employees and agents will be indemnified by the Corporation for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against Mulvihill or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from Mulvihill's willful misconduct, bad faith, negligence or breach of its obligations under the Management Agreement.

Mulvihill may resign upon 60 days notice to shareholders and the Corporation or such lesser notice as the Corporation may accept. If Mulvihill resigns it may appoint its successor, but its successor must be approved by

shareholders unless it is an affiliate of Mulvihill. If Mulvihill is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to Mulvihill, the Corporation shall give notice thereof to shareholders and the shareholders may remove Mulvihill and appoint a successor manager.

The Investment Manager

MCM is the Corporation's investment manager. MCM is controlled by John P. Mulvihill. MCM manages the Corporation's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Corporation pursuant to an investment management agreement (the ''Investment Management Agreement'') made between the Corporation and MCM dated October 17, 1996.

The services provided by MCM pursuant to the Investment Management Agreement include the making of all investment decisions for the Corporation and managing the Corporation's call option writing, all in accordance with the investment objectives, strategy and criteria of the Corporation. Decisions as to the purchase and sale of securities comprising the Corporation's investment portfolio and as to the execution of all portfolio and other transactions are made by MCM.

MCM receives fees for its services under the Investment Management Agreement equal to an annual rate of 0.80% of the Corporation's net asset value calculated and payable monthly, plus applicable taxes and is reimbursed for all reasonable costs and expenses incurred by MCM on behalf of the Corporation. In addition, MCM and each of its directors, officers, employees and agents will be indemnified by the Corporation for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against MCM or any of its officers, directors, employees or agents in the exercise of its duties as investment manager, except those resulting from MCM's willful misconduct, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

APPENDIX IV

RIGHT TO DISSENT

Pursuant to the provisions of Section 185 of the OBCA, a holder (a ''shareholder'') of Class A Shares or Preferred Shares is entitled to dissent and be paid the fair value of such shares if the shareholder objects to the Special Resolution and the Special Resolution becomes effective. A shareholder may dissent only with respect to all of the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. However, a shareholder is not entitled to dissent from the Special Resolution with respect to any shares beneficially owned by one owner if the shareholder votes any such shares beneficially owned by that owner in favour of the Special Resolution.

In order to dissent a shareholder must send a written objection (an ''Objection Notice'') to the Special Resolution to the Corporation on or before the date of the Special Meeting. A vote against the Special Resolution or an abstention in respect thereof does not constitute such an Objection Notice, but a shareholder need not vote his or her shares against the Special Resolution in order to dissent in respect of the Special Resolution. Within 10 days following the date of the Special Meeting, the Corporation will deliver to each shareholder who has filed an Objection Notice in respect of the Special Resolution, at the address specified for such purpose in such shareholder's Objection Notice, a notice stating that the Special Resolution has been adopted (the ''Corporation Notice''). A Corporation Notice is not required to be sent to any shareholder who voted for the Special Resolution or who has withdrawn an Objection Notice.

Within 20 days after receipt by a shareholder of the Corporation Notice or, if no Corporation Notice is received by the dissenting shareholder, within 20 days after such shareholder learns that the Special Resolution has been adopted, the dissenting shareholder is required to send a written notice to the Corporation containing the shareholder's name and address, the number of shares held in respect of which such shareholder dissents and a demand for payment of the fair value of such shares (the ''Demand for Payment''). Within 30 days thereafter, the shareholder must send the share certificates representing such shares to the Corporation. Such share certificates will be endorsed by the Corporation with a notice that the holder is a dissenting shareholder and will be returned to the dissenting shareholder. A shareholder who fails to forward share certificates within the time required loses any right to make a claim for payment of the fair value of such shareholder's shares.

On sending a Demand for Payment to the Corporation, a dissenting shareholder ceases to have any rights as a shareholder except the right to be paid the fair value of his or her shares unless the dissenting shareholder withdraws the Demand for Payment before the Corporation sends an Offer to Purchase as described below or the Special Resolution does not become effective, in which case such shareholder's rights are reinstated as of the date such Demand for Payment was sent. If a shareholder fails to comply with each of the steps required to dissent effectively, the rights, privileges, restrictions and conditions attaching to such shareholder's shares will be amended in accordance with the Special Resolution.

Not later than seven days after the later of the day on which the action approved by the Special Resolution becomes effective and the date the Corporation receives the Demand for Payment, the Corporation will send to each dissenting shareholder a written offer (the ''Offer to Pay'') to pay for the shares which are the subject of the Objection Notice in an amount considered by the Board of Directors of the Corporation to be the fair value of such shares as of the close of business on the day before the day on which the action approved by the Special Resolution becomes effective accompanied by a statement showing how the fair value was determined. Dissenting shareholders who accept the Offer to Pay will be paid by the Corporation within ten days of acceptance by the dissenting shareholders of such offer, provided share certificates representing the shares held by such dissenting shareholder have been delivered to the Corporation. The Offer to Pay lapses if the Corporation does not receive an acceptance of the Offer to Pay within 30 days after the date on which the Offer to Pay was made.

If the Corporation fails to make the Offer to Pay or a dissenting shareholder fails to accept the Offer to Pay within the time limit prescribed therefor, the Corporation may apply under the OBCA to a court to fix a fair value for the shares within 50 days after the day on which the action approved by the Special Resolution becomes effective or within such further period as the court may allow.

Upon any application to court by the Corporation, the Corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of such dissenting shareholder's right to appear and be heard in person or by counsel. If the Corporation fails to make such application, the dissenting shareholder has

the right to so apply within a further period of 20 days or within such further period as a court may allow. All dissenting shareholders whose shares have not been purchased by the Corporation will be joined as parties to the application and will be bound by the decision of the court. The court may determine whether any person is a dissenting shareholder who should be joined as a party and the court will fix a fair value for the shares of all dissenting shareholders.

Provided that the Special Resolution becomes effective, a shareholder who complies with each of the steps required to dissent effectively is entitled to be paid the fair value of the shares in respect of which such shareholder has dissented. Such fair value as determined by the court may be more than, less than or equal to the consideration to be received under the Offer to Pay.

The foregoing is a summary only of the rights of dissenting shareholders and is qualified in its entirety by the full text of Section 185 of the OBCA. Any shareholder desiring to exercise a right to dissent should seek legal advice since failure to comply strictly with the provisions of Section 185 may prejudice that right.