

A summary of the minority shareholder rights provisions applicable to Amaroq Minerals Ltd., a corporation incorporated under the *Canada Business Corporations Act*, is below. The summary relates to rules in relation to (i) the general meeting of shareholders; (ii) the appointment and removal of directors to the board; (iii) preemption rights in relation to share issues; (iv) mandatory redemption of shares; (v) requirements for a special audit; (vi) public takeovers; and (vii) mergers and other similar transactions.

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<p><b><u>General principles</u></b></p> <p>Under Icelandic law a general principle exists on the equal rights of shareholders in accordance with their shareholdings, which is derived from the wording of Article 20(2) of the Icelandic Act No. 2/1995 respecting Public Limited Companies (the “PLCA”), which provides that all shares shall have equal rights in the company. This can be deviated from by establishing share classes in a company’s articles of association. Public Limited Companies are obligated to adopt a purpose of the company into their articles of association and cannot in their operations go beyond that which falls within their purpose as described in the articles. A company’s board of directors and chief executive officer/managing director have a fiduciary duty to the company and as such, the protection of a company’s interests is their main task and duty. A company’s shareholders’ meeting, board of directors, manager and those others being authorized to represent the company may not make any such arrangements or adopt such resolutions as are suited to acquire improper interests for specific shareholders or others at the expense of other shareholders or the company.</p>	
<p><b><u>General meeting of shareholders</u></b></p> <p>According to the PLCA, a shareholders’ meeting wields supreme power over the affairs of an Icelandic public limited company in accordance with that which is decided in laws and the company’s articles of association. Shareholders wield their power to decide upon company affairs at shareholders’ meetings. All shareholders are authorized to attend a shareholders’ meeting and to speak there. Companies, having their shares admitted to trading on a regulated market are duty bound to afford</p>	<p><b><u>General meeting of shareholders</u></b></p> <p>Under the <i>Canada Business Corporations Act</i> (“CBCA”), an annual general meeting is to be held (a) not later than eighteen months after the corporation comes into existence and (b) subsequently, not later than fifteen months after holding the last preceding annual meeting but no later than six months after the end of the corporation’s preceding financial year.<sup>1</sup> The corporation may apply to the court for an order extending the time for calling an annual meeting.<sup>2</sup> The directors of a corporation may</p>

<sup>1</sup> CBCA, s. 133(1)

<sup>2</sup> CBCA, s. 133(3)

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<p>shareholders an opportunity of casting votes on issues on the agenda of a shareholders' meeting by letter or electronically.</p> <p>Each share grants the right to vote. It may be decided in a company's articles of association that increased voting value attach to specific shares and that shares may even be without voting rights.</p> <p>Pursuant to the PLCA, an annual general meeting of the shareholders is to be held in accordance with a company's articles of association but no less than once a year and never later than within eight months of the end of the company's financial year. An extraordinary meeting of the shareholders shall be held when the company's board of directors or representative committee (if the company has such a committee) deem this necessary. An extraordinary meeting shall be called within 14 days if elected auditors or shareholders controlling a minimum of a twentieth of the share capital, provided a lower limit be not fixed in a company's articles of association, so require in writing, specifying the agenda (the agenda shall be in accordance to Article 84 of the PLCA and the company's articles of association). The company's board of directors will undertake the calling of shareholders' meetings. If the company has no active board of directors or the company's board omit calling a shareholders' meeting which shall be held in accordance with laws, company articles of association or a decision by a shareholders' meeting, the Minister (overseeing the PLCA at any given time) shall have the meeting called if a director, a member of a representative committee, a manager, an auditor, an inspector or a shareholder so require. The representative of the Minister shall direct shareholders' meetings which the Minister has had called, cf. Article 90(3), and the company's board of directors are in duty bound to hand</p>	<p>also at any time call a special meeting of shareholders.<sup>3</sup> The holders of not less than five per cent of the issued shares of a corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.<sup>4</sup> If the directors do not within twenty-one days after receiving the requisition call a meeting, any shareholder who signed the requisition may call the meeting.<sup>5</sup> A written resolution signed by all of the shareholders is also as valid as if had been passed at a meeting of the shareholders, except as specified otherwise in the CBCA.<sup>6</sup></p> <p>The record date for notice of meeting will be no fewer than 30 and no more than 60 days before the meeting date.<sup>7</sup> Notice of the time and place of a shareholders' meeting must be sent not less than 25 days and not more than 60 days before the meeting to (a) each shareholder entitled to vote at the meeting; (b) each director; and (c) the auditor of the corporation.<sup>8</sup> A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the corporation or its transfer agent on the record date, but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.<sup>9</sup> The corporation shall prepare a list of shareholders entitled to vote at a meeting of shareholders as of the record date.<sup>10</sup> A shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or one or more alternate proxyholders who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.<sup>11</sup></p> <p>In certain circumstances under the CBCA, a registered holder or beneficial owner of shares that are entitled to be voted at an annual meeting of</p>

<sup>3</sup> CBCA, s. 133(2)

<sup>4</sup> CBCA, s.143(1)

<sup>5</sup> CBCA, s. 143(4)

<sup>6</sup> CBCA, s. 142

<sup>7</sup> NI 54-101, s. 2.1; CBCA, s. 134(1); CBCA Regulations, s. 43(2)

<sup>8</sup> CBCA, s. 135(1); CBCA Regulations, s. 44; NI 54-101, s.2.2

<sup>9</sup> CBCA, s. 135(2)

<sup>10</sup> CBCA, s. 138(1)-(3)

<sup>11</sup> CBCA, s. 148(1)

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<p>over to him a register of shares and the company's record of minutes and audit.</p> <p>Annual general meetings of companies having their shares admitted to trading on a regulated market shall be called at least three weeks before the meeting and no earlier than six weeks before the meeting. Extraordinary general meetings shall be summoned no earlier than four weeks before the meeting and at least three weeks before the meeting. With certain conditions, such as all shareholders having the opportunity to vote electronically, extraordinary general meetings may be called with 2 weeks' notice, certain conditions also apply to such meetings' resolutions. Each shareholder is entitled to have a specific matter taken for consideration at a shareholders' meeting if he submits a requirement in writing or electronically relating thereto to the company's board of directors at such advance notice that it be possible to introduce the matter to the agenda of the meeting, which is detailed further in the PLCA. In addition, as further detailed in Article 88 d of the PLCA, a company whose shares are admitted to trading on a regulated market shall continuously for 21 days prior to a shareholders' meeting and also on the date of the meeting grant its shareholders on the company's website at least information regarding 1) the call to a meeting, 2) total number of shares and votes on the date of the calling of a meeting, itemized by classes if applicable, 3) documents which will be presented to the meeting, 4) a resolution proposal or where applicable remarks from a competent lawful body in the company for statutes regarding each matter in the draft of a shareholders' meeting agenda, shareholders' resolution proposals shall also be added to the company's website as soon as possible after receipt thereof, and 5) where applicable, forms which the representative shall use upon the casting of votes or shall be used upon casting of votes in writing, unless these be sent to each shareholder.</p>	<p>shareholders may (a) submit to the corporation notice of any matter that the person proposes to raise at the meeting and (b) discuss at the meeting any matter in respect of which the person would have been entitled to submit a proposal.<sup>12</sup> To be eligible to submit a proposal, a person (a) must be, for at least the six-month period immediately before the day on which the proposal is submitted (the "<b>Prescribed Period</b>"), the registered holder or the beneficial owner of at least that number of shares (i) that is equal to 1% of the total number of the outstanding voting shares of the corporation, as of the day on which the shareholder submits a proposal, or (ii) whose fair market value, as determined at the close of business on the day before the shareholder submits the proposal to the corporation, is at least \$2,000 (the "<b>Prescribed Number</b>"); or (b) must have the support of persons who, in the aggregate, and including or not including the person that submits the proposal, have been, for at least the Prescribed Period, the registered holders, or the beneficial owners of, at least the Prescribed Number of outstanding shares of the corporation.<sup>13</sup> Except in certain circumstances outlined in the CBCA, a corporation that solicits proxies shall set out the proposal in the management proxy circular or attach the proposal thereto.<sup>14</sup> If so requested by the person who submits a proposal, the corporation shall, except in certain circumstances outlined in the CBCA, include in the management proxy circular or attach to it a statement in support of the proposal by the person and the name and address of the person. The statement and the proposal must together not exceed 500 words.<sup>15</sup> A proposal may include nominations for the election of directors if the proposal is signed by one or more holders of shares representing in the aggregate not less than five per cent of the shares or five per cent of the shares of a class of shares of the corporation entitled to vote at the meeting to which the proposal is to be presented, but this requirement does not preclude nominations made at a meeting of shareholders.<sup>16</sup></p>

<sup>12</sup> CBCA, s. 137(1)

<sup>13</sup> CBCA, s. 137(1.1); CBCA Regulations, s. 46(a)

<sup>14</sup> CBCA, s. 137(2)

<sup>15</sup> CBCA, s. 137(3); CBCA Regulations, s. 48

<sup>16</sup> CBCA, s. 137(4)

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<p>It is not possible to take for final decision at a shareholders' meeting matters which have not been specified in an agenda unless this meets the approval of all the company's shareholders, but resolution thereon may be made as guidance for the company's board of directors. When a shareholder so requires and that may be done without considerable loss to the company in the opinion of the company's board of directors, the board and the manager shall submit to a shareholders' meeting information relating to such matters as are of importance for assessment of the company's annual accounts and its status in other respects or which may have an effect upon the shareholders' attitude to matters which are to be decided upon at the meeting. The duty to grant information also applies to the company's connection with other companies within the same group and ownership of shares of individual shareholders and their voting right. If information is not available at a shareholders' meeting, shareholders shall within fourteen days thereafter have access to information in writing with the company and this shall also be sent to the shareholders who have so requested.</p> <p>A simple plurality of votes will decide issues at a shareholders' meeting, unless otherwise stipulated in laws or a company's articles of association. In case votes break even at elections in the company lots drawn will decide issues, unless otherwise stipulated in a company's articles of association. As further detailed in Article 93 of the PLCA, where certain exemptions are made, a decision relating to an amendment to a company's articles of association shall be made at a shareholders' meeting and will become valid only provided it obtain the approval of a minimum of two-third of the votes cast and also the approval of shareholders controlling at least two-third of the share capital in respect of which votes are wielded at the shareholders' meeting. The approval of all shareholders is required in order that decisions relating to the following amendments to Company Articles of Association enter into force: 1) to abridge shareholders' rights to the payment of dividend or to other allocation from a company for the benefit of others than shareholders, 2) to increase shareholders' liabilities</p>	<p>Unless the by-laws otherwise provide, (i) voting at a meeting of shareholders shall be by show of hands except where a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting and (ii) despite (i) outlined above, any vote may be held, in accordance with the applicable regulations, if any, entirely by means of a telephonic, electronic or other communication facility, if the corporation makes available such a communication facility.<sup>17</sup></p> <p>Unless the articles otherwise provide, each share of a corporation entitles the holder thereof to one vote at a meeting of shareholders.<sup>18</sup> A special resolution, being a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or signed by all the shareholders entitled to vote on that resolution, is required for certain matters, including but not limited to, changing the corporate name, creating a new class of shares, reducing/increasing the stated capital, changing the number of directors or minimum/maximum number of directors.<sup>19</sup></p>

<sup>17</sup> CBCA, s. 141(1) and s.141(3)

<sup>18</sup> CBCA, s. 140(1)

<sup>19</sup> CBCA, s. 173(1)

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<p>towards a company, 3) to limit shareholders' authority for the handling of their shares under the provisions of Articles 22 and 23 or to obligate shareholders to be subject to redemption of their shares without there being a case of dissolution of the company. Increased majorities also apply in certain other cases, specified in Article 94 of the PLCA, such as regarding decisions that abridge the right of shareholders to dividend or other payments or derange the judicial relationship between shareholders.</p> <p>A shareholders' meeting may not adopt a resolution which is suited to acquire improper interest for specific shareholders or others at the expense of other shareholders or the company. With certain exceptions, as detailed in Article 95 a of the PLCA, an agreement between a company and its shareholders, the shareholders' parent company, directors or managing directors of a company, amounting to in real terms at least a tenth of the shares at the time of signing of the agreement, will not bind a company unless having obtained the approval of a shareholders meeting. A shareholder, a director or a manager may institute legal proceedings on account of a decision by a shareholders' meeting which has been made in an unlawful manner or is in conflict with the PLCA or the company's articles of association.</p>	
<p><b><u>Appointment and removal of directors to the board</u></b></p> <p>A shareholders' meeting will elect a board of directors. Notice shall be given in writing at the latest five days prior to a shareholders' meeting where a company's board of directors shall be elected about the candidature for the board of directors of a Public Limited Company. Article 63 of the PLCA lays down the framework for election of the board of directors, pursuant to which, it is permissible for articles of association to grant authorities or others the right to nominate one or more directors. The majority of a board of directors shall, however, at all times be elected by a shareholders' meeting. The directors who are elected shall all be elected at the same meeting. majority elections, proportional elections or multiplication elections may be applied upon the election of a board of</p>	<p><b><u>Appointment and removal of directors to the board</u></b></p> <p>Subject to any unanimous shareholder agreement, the directors shall manage, or supervise the management of, the business and affairs of a corporation.<sup>20</sup> Shareholders shall, by ordinary resolution at the first meeting of shareholders and at each succeeding annual meeting at which an election of directors is required, elect directors to hold office for a term ending not later than the close of the next annual meeting of shareholders following the election.<sup>21</sup> The directors may, unless the articles otherwise provide, appoint one or more additional directors, who shall hold office for a term ending not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed shall not</p>

<sup>20</sup> CBCA, s. 102(1)

<sup>21</sup> CBCA, s. 3.1

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<p>directors and there shall be chosen between individuals or lists with the names of one or more individuals. A company's articles of association may decide how directors shall be elected and how the elections shall be executed. If shareholders controlling a minimum of a fifth of the share capital so require proportional ballot or multiplication elections shall be applied upon the election of the company's directors. In companies where there are 200 or more shareholders those controlling a minimum of a tenth of the share capital may also submit such a requirement. A requirement relating hereto shall have been received by the company's board of directors at least five days in advance of a shareholders' meeting. In case requirements be received from more than a single group of shareholders and both proportional ballot and multiplication elections are demanded, the latter shall be applied.</p> <p>Article 66 of the PLCA lays down the conditions for which a director must meet in order to be eligible as a director of a Public Limited Company, such as that they shall be of legal status, in control of their finances and may not during the immediate past three years have in connection with business operations been subject to judgment for a punishable act according to the Penal Code or Acts respecting Public Limited Companies, Private Limited Companies, book-keeping, annual accounts, bankruptcies or official charges. The company's board of directors shall elect a chairman, unless it be decided in articles of association that a shareholders' meeting shall elect a chairman separately.</p> <p>A director or manager may not participate in the handling of a matter relating to the preparation of an agreement between the company and themselves, concerning legal action against themselves, or the preparation of an agreement between the company and a third party or legal proceedings against a third party if they have considerable interests to safeguard there and which might be in conflict with the company's</p>	<p>exceed one third of the number of directors elected at the previous annual meeting of shareholders.<sup>22</sup></p> <p>A director ceases to hold office when the director (a) dies or resigns, (b) is removed by shareholders pursuant to the CBCA or (c) becomes disqualified under the CBCA (i.e. if they (i) are less than 18 years of age, (ii) are incapable, (iii) are not an individual or (iv) have the status of bankrupt).<sup>23</sup> The shareholders of a corporation may by ordinary resolution at a special meeting remove any director or directors from office, provided that where the articles provide for cumulative voting, a director may be removed from office only if the number of votes cast in favour of the director's removal is greater than the product of the number of directors required by the articles and the number of votes cast against the motion.<sup>24</sup> Where the holders of any class or series of shares of a corporation have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.<sup>25</sup></p>

<sup>22</sup> CBCA, s. 106(8)

<sup>23</sup> CBCA, s. 105(1), 108(1)

<sup>24</sup> CBCA, s. 107(g) and 109(1)

<sup>25</sup> CBCA, s. 109(2)

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<p>interests. A director and a manager are in duty bound to disclose information about such incidents.</p> <p>A director may give notice of the termination of his office at any time. He shall send notification thereof to the company's board of directors and also to the person who has nominated him if he has not been elected by a shareholders' meeting. A person who has elected or nominated a director may dismiss him. The provisions of Article 63 of the PLCA must, however, be heeded if a proportional or multiplication election has proceeded, so that dismissal will require over three-quarters of the votes on a three-person board of directors, over four-fifth on a four-person board, over five-sixth on a five-person board, over six-seventh on a six-person board, over seven-eighth on a seven-person board, over eight-ninth on an eight-person board, over nine-tenth on a nine-person board etc. A shareholders' meeting may at all times dismiss all the members of the board of directors it elected and have elections to the board undertaken anew. If a director's office is concluded prior to the completion of an electoral period or if he no longer meets the conditions of Article 66 to be able to remain on the board and there is no reserve to replace him, the remaining directors are subject to the duty of arranging for the election of a new director for the remainder of the electoral period of the former or request a nomination. If the election pertains to a shareholders' meeting it is, however, possible to postpone the election of a new director until the next annual general meeting when an election of a board of directors is to be held, provided that the board be able to make decisions with the directors and reserves remaining.</p>	
<p><b><u>Preemption rights in relation to share issues</u></b></p> <p>Article 34(1) of the PLCA provides that upon an increase of share capital shareholders are entitled to subscribe to new shares in direct proportion to their holdings. In public limited companies not imposing restrictions upon transactions in shares between parties the shareholders may convey to other parties their right to subscription in part or in full, but entire shares</p>	<p><b><u>Preemption rights in relation to share issues</u></b></p> <p>If the articles so provide, no shares of a class shall be issued unless the shares have first been offered to the shareholders holding shares of that class, and those shareholders have a pre-emptive right to acquire the offered shares in proportion to their holdings of the shares of that class, at such price and on such terms as those shares are to be offered to others.<sup>26</sup></p>

<sup>26</sup> CBCA, s. 28(1)

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<p>only. In case one of the older shareholders does not use or convey, cf. the second sentence, his right to subscription in full, other older shareholders possess an increased right to subscription which they cannot convey to others.</p> <p>In case of more than a single class of shares where voting right or entitlement to dividend or allocation of the company's assets varies it is possible in the company's articles of association to grant shareholders in these classes priority right to subscribe to shares in their own classes. In such instances shareholders in other classes can first avail themselves of the priority right to subscription in accordance with Article 34(1) of the PLCA after the shareholders specified therein.</p> <p>A shareholders' meeting may with the number of votes stipulated in Article 93 of the PLCA (regarding amendments to a company's articles of association) decide to deviate from the rule specified in Article 34(1) PLCA, provided that shareholders be in no way treated with discrimination. A shareholders' meeting cannot, however, decide upon a more extensive deviation from shareholders' right to subscription than that specified in the call to the meeting without the approval of those shareholders who are subject to an abridgment of their right of subscription. A publication shall be made in the "Legal Gazette" at the notifying party's expense on the principal subject of a shareholders' meeting's decision concerning deviation from the right of shareholders to subscription.</p>	<p>Notwithstanding that the articles provide the pre-emptive right referred to above, shareholders have no pre-emptive right in respect of shares to be issued (a) for a consideration other than money; (b) as a share dividend; or (c) pursuant to the exercise of conversion privileges, options or rights previously granted by the corporation.<sup>27</sup></p>
<p><b><u>Mandatory redemption of shares</u></b></p> <p>The articles of association of Public Limited Companies, having under 200 shareholders, may provide for restrictions of hypothecation, sale or other transfer, whereas such acts are subject to the approval of the company. If the board of directors of the company rejects such acts, the shareholder may require the company to redeem the shares in question.</p>	<p><b><u>Mandatory redemption of shares</u></b></p> <p>If within 120 days after the date of a take-over bid the bid is accepted by the holders of not less than 90% of the shares of any class of shares to which the take-over bid relates, other than shares held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled, on complying with the provisions of the CBCA, to acquire the shares held by the dissenting offerees.<sup>28</sup> The</p>

<sup>27</sup> CBCA, s. 28(2)

<sup>28</sup> CBCA, s. 206(2)



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<p>In case a shareholder owns more than nine-tenth of share capital in any Public Limited Company and controls corresponding voting powers each individual minority shareholder may require redemption with the shareholder. Further rules on mandatory redemption of shares apply in case of companies which are not admitted to trading on a regulated market. Article 106 of the PLCA provides that shareholders controlling over a fifth of the share capital of a company may require a judgment to the effect that a company be dissolved on the grounds that shareholders have deliberately abused their position within the company or participated in offences against the PLCA or the company’s articles of association. In case it be required before a court of law on the part of the company it may be decided in a judgment that dissolution of a company may be replaced by the company redeeming shares belonging to the shareholders who have required dissolution of the Company under Article 106 PLCA.</p> <p>Pursuant to Article 131 PLCA shareholders in a company or companies which are merged with others who have voted against amalgamation or merger to form a new company are entitled to redemption of their shares if this is required in writing within a month as of the time the shareholders’ meeting was held.</p>	<p>dissenting offeree is required to elect (i) to transfer their shares to the offeror on the terms on which the offeror acquired the shares of the offerees who accepted the take-over bid, or (ii) to demand payment of the fair value of the shares in accordance with the CBCA.<sup>29</sup> Minority shareholders have a corresponding right to have their shares redeemed by the offeror on the same terms under which the take-over bid.<sup>30</sup></p>
<p><b><u>Requirements for a special audit/investigation</u></b></p> <p>According to Article 97 of the PLCA, at an annual general meeting or another shareholders’ meeting where the matter is on the agenda a shareholder may submit a proposal to the effect that an investigation be conducted into the establishment of a company, specific items relating to the activities of the company or certain sectors of the book-keeping or the annual accounts. In case the proposal obtains the support of a group of shareholders controlling a minimum of one tenth of the share capital a shareholder may at the latest a month after the completion of the meeting request the Minister to nominate investigators. The request shall be taken into account provided that the Minister consider there to be sufficient reason therefore. The Minister shall afford the company’s board of</p>	<p><b><u>Requirements for a special audit</u></b></p> <p>N/A</p>

<sup>29</sup> CBCA, s. 206(3)

<sup>30</sup> CBCA, s. 206.1

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<p>directors and auditors and, when applicable, those concerned with the matter an opportunity of expressing their opinion of the requirement prior to his reaching a decision. The Minister will fix the number of investigators and they shall include both a state authorized public accountant and a lawyer.</p>	
<p><b><u>Public takeovers</u></b></p> <p>The framework for rules on public takeovers is set forth in the provisions of Chapter X of the Icelandic Act on Takeovers No 108/2007 (the “<b>Icelandic Takeover Act</b>”).</p> <p>Article 99 (6) of the Icelandic Takeover Act provides that the provisions of Chapter X of the Act apply to takeover bids targeting issuers having their registered office in a state outside the EEA who have had a class of securities admitted to trading on a regulated market only in Iceland and not in other markets.</p> <p>Paragraph 1 of Article 100 of the Icelandic Takeover Act states that if a party, directly or indirectly gains control of a company that has a class of shares which has been admitted to trading on a regulated market, that person shall no later than four weeks after the person knew or could be expected to have known about the mandatory bid obligation, or a decision on the bid was available, extend a takeover bid to other shareholders of the company, i.e. a bid to purchase their shares in the company.</p> <p>Control of the Issuer means that the party and any party acting in concert with it has acquired:</p> <ul style="list-style-type: none"> <li>i. in total at least 30% of the voting rights in the Issuer;</li> <li>ii. the right to control at least 30% of the voting rights in the Issuer by virtue of an agreement with other shareholders; and</li> </ul>	<p><b><u>Public takeovers</u></b></p> <p>National Instrument 62-104 contains rules governing take-over bids and applicable exemptions. Canadian takeover rules are triggered when an acquiror crosses a bright-line 20% threshold ownership of a class of shares in the target corporation.<sup>31</sup> If a take-over bid is made, all holders of the same class of securities must be offered identical consideration.<sup>32</sup> The offeror must prepare and send a take-over bid circular to the corporation's security holders.<sup>33</sup> If a take-over bid has been made, the board of directors of the target must prepare and send a directors' circular to every person to whom the bid was required to be sent.<sup>34</sup> The directors' circular must (a) recommend to security holders that they accept or reject the bid and state the reasons for the recommendation, (b) advise security holders that the board is unable to make, or is not making, a recommendation and state the reasons for being unable to make a recommendation or for not making a recommendation, or (c) advise security holders that the board is considering whether to make a recommendation to accept or reject the bid, must state the reasons for not making a recommendation in the directors' circular and may advise security holders that they should not deposit their securities under the bid until they receive further communication from the board of directors in accordance with paragraph (a) or (b).<sup>35</sup></p> <p>Please see above the discussion on the mandatory redemption of shares in cases where the take-over bid is accepted by holders of not less than 90% of the outstanding shares of the class to which the take-over bid relates. If an offeror has otherwise completed a successful take-over bid but has not</p>

<sup>31</sup> NI 62-104, s.1.1

<sup>32</sup> NI 62-104, s. 2.23

<sup>33</sup> NI 62-104, s. 2.10

<sup>34</sup> NI 62-104, s. 2.17

<sup>35</sup> NI 62-104, s. 2.17

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<p>iii. the right to appoint or dismiss the majority of the members of the Issuer's Board of Directors.</p> <p>This applies where the increased holding is the result of a purchase, subscription, conversion or any other form of acquisition of shares in the target company (other than a public offer) or by establishing a close relationship.</p> <p>A related party can be an entity within the same corporate group as the buyer, a spouse, co-habitant or minor child, as well as any person or entity that cooperates with the buyer to obtain control over the Company or with whom the buyer has reached an agreement regarding the coordinated exercise of voting rights with the aim of obtaining a long-term controlling influence on the Company's management. An authorisation from the FSA is required to permit the acquirer (or the related party) to reduce its level of voting share ownership within the grace period of four weeks to below 30.0%.</p> <p>Pursuant to the Icelandic Takeover Act, if an offeror, and parties acting in concert with it, acquire shares representing more than 90.0% of all shares and voting rights in a company from a takeover bid, the offeror and board of the company may jointly decide that other shareholders shall be subject to redemption of their shares, at a fair price. Furthermore, any individual minority shareholder shall be entitled to require redemption of its shares by the offeror under such circumstances. If an offeror or a shareholder requests redemption within three months from the end of the offer period, the price offered in the bid shall be considered a fair price, unless the offeror or parties acting in concert with it paid a higher price than provided</p>	<p>reached this 90% threshold, it may effect a second-step business combination (in the form of an amalgamation, plan of arrangement, share consolidation or other business combination) that has the effect of squeezing out the remaining shareholders at the same price per security (and in the same form) as the consideration that was offered under the take-over bid.<sup>36</sup> The second-step business combination will require shareholder approval.<sup>37</sup> Shareholders that are subject to this second-step business combination following the completion of a take-over bid will generally be entitled to exercise dissent and appraisal rights under applicable corporate law.<sup>38</sup> If a take-over bid or any of its components and related transactions can be characterized as an (i) insider bid; (ii) issuer bid; (iii) business combination; or (iv) related party transaction, Multilateral Instrument 61-101 - <i>Protection Of Minority Security Holders In Special Transactions</i> ("<b>MI 61-101</b>") will be applicable and it may be necessary to provide additional minority shareholder protections.<sup>39</sup> Depending on the particular context and transaction, and subject to applicable exemptions, MI 61-101 may require: (i) independent valuation of the target's shares; (ii) minority shareholder approval of the transaction; (iii) enhanced disclosure in circulars; and (iv) independent oversight of the transaction process.<sup>40</sup></p>

<sup>36</sup> [https://ca.practicallaw.thomsonreuters.com/9-569-8305?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&OWSessionId=5398319e9108420db9b4bcbe117da455&skipAnonymous=true](https://ca.practicallaw.thomsonreuters.com/9-569-8305?transitionType=Default&contextData=(sc.Default)&firstPage=true&OWSessionId=5398319e9108420db9b4bcbe117da455&skipAnonymous=true)

<sup>37</sup> [https://ca.practicallaw.thomsonreuters.com/9-569-8305?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&OWSessionId=5398319e9108420db9b4bcbe117da455&skipAnonymous=true](https://ca.practicallaw.thomsonreuters.com/9-569-8305?transitionType=Default&contextData=(sc.Default)&firstPage=true&OWSessionId=5398319e9108420db9b4bcbe117da455&skipAnonymous=true)

<sup>38</sup> [https://ca.practicallaw.thomsonreuters.com/9-569-8305?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&OWSessionId=5398319e9108420db9b4bcbe117da455&skipAnonymous=true](https://ca.practicallaw.thomsonreuters.com/9-569-8305?transitionType=Default&contextData=(sc.Default)&firstPage=true&OWSessionId=5398319e9108420db9b4bcbe117da455&skipAnonymous=true)

<sup>39</sup> <https://www.bennettjones.com/PublicMandAinCanada>

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<p>for in the takeover bid during the offer period or three months following the conclusion of the period.</p> <p>Pursuant to Article 99 (7) of the Icelandic Takeover Act takeover bids targeting issuers having their registered office in a state outside the EEA and having had a class of securities admitted to trading on a regulated market in Iceland and other markets are subject only to the provisions of Chapter X of the Act, concerning takeovers, relating to consideration in the case of mandatory takeover bids and the provisions relating to the conduct of the bid. This means that in the case of mandatory bids Icelandic law stipulates that the offer price must be equivalent to the highest price paid by the offeror, or by parties acting in concert with it, for shares acquired in the undertaking in question during the past six months prior to making the bid. The bid must, however, be at least equal to the latest transaction price for shares in the undertaking in question the day before the mandatory bidding obligation arose or notification was given of the proposed bid.</p> <p>An offeror must make all shareholders of the same class of shares an offer on the same terms. The Financial Supervisory Authority may adjust a bid price either upwards or downwards under exceptional circumstances, provided that the principle of equal treatment of shareholders is observed.</p> <p>An offeror must notify the regulated market in question of any decision on a bid without delay. The regulated market must make the notification public. The bid shall furthermore be presented to the employees of the undertakings in question.</p> <p>Pursuant to Article 112 of the Icelandic Takeover Act, the provisions of Chapter XI of the Icelandic Takeover Act which concern the offer document applies to the Issuer. Such an offer document must be approved by the Icelandic FSA.</p>	
<p><b><u>Mergers and other similar transactions</u></b></p> <p>A decision concerning merger of a company which has been taken over will be made by a shareholders' meeting in conformity with the provisions</p>	<p><b><u>Mergers and other similar transactions</u></b></p> <p>Plans of arrangement and amalgamations can be used to conduct mergers. A plan of arrangement is a court supervised transaction that is approved</p>

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<p>of Article 93 of the PLCA (concerning amendments of the company's articles of association, cf. discussion in chapter on general shareholders' meetings) and further rules which may be contained in company articles of association concerning dissolution or merger of a company, with an exception in case of a merger with a company owning all shares in another company. In case a company is subject to dissolution administration merger may be decided upon only provided allocation to shareholders has not been commenced and that the meeting simultaneously decide that the work of the winding-up committee shall cease. A decision on a merger in a take-over company will be made by the company's board of directors, unless a shareholders' meeting need effect amendments to the articles of association in other respects than that which pertains to the name of the take-over company. A shareholders' meeting will furthermore make a decision if shareholders holding 5% or thereover of the share capital, so require in writing within two weeks as of the time the receipt of a merger schedule has been announced. In such an instance a decision shall be made with the same majority as needed to amend the company's articles of association.</p> <p>Shareholders in one or more companies which have been taken over may require compensation from the company concerned if they have made a reservation in respect thereof at the shareholders' meeting and provided that remuneration for the shares be neither reasonable nor substantiated. Shareholders in the company or companies which are merged with others who have voted against amalgamation or merger to form a new company are entitled to redemption of their shares if this is required in writing within a month as of the time the shareholders' meeting was held, as further detailed in the PLCA.</p>	<p>by shareholders.<sup>41</sup> In connection with such application, a court may make any orders it thinks fit including, an order (a) determining the notice to be given to any interested person or dispensing with notice; (b) appointing counsel, at the expense of the corporation, to represent the interests of the shareholders; (c) requiring a corporation to call, hold and conduct a meeting of holders of securities or options or rights to acquire securities in such manner as the court directs; (d) permitting a shareholder to dissent under the CBCA; and (e) approving an arrangement as proposed by the corporation or as amended in any manner the court may direct.<sup>42</sup></p> <p>An amalgamation is where two or more corporations combine to continue as one corporation.<sup>43</sup> The directors of each amalgamating corporation shall submit the amalgamation agreement for approval to a meeting of the shareholders of the amalgamating corporation.<sup>44</sup> Each share of an amalgamating corporation carries the right to vote in respect of an amalgamation agreement whether or not it otherwise carries the right to vote.<sup>45</sup> An amalgamation agreement is adopted when the shareholders of each amalgamating corporation have approved of the amalgamation by special resolutions being a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution.<sup>46</sup> Under the CBCA, shareholders have certain dissent rights, entitling the holder to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents.<sup>47</sup></p>

<sup>41</sup> <https://www.bennettjones.com/PublicMandAinCanada>

<sup>42</sup> CBCA, s. 192

<sup>43</sup> CBCA, s. 181

<sup>44</sup> CBCA, s. 183(1)

<sup>45</sup> CBCA, s. 183(3)

<sup>46</sup> CBCA, s. 183(5)

<sup>47</sup> CBCA, s. 190(1), (3)