



Principal Differences Between Swedish Corporate Laws and Rules Applicable to SEMAFO in Canada

SEMAFO INC

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The following is a summary of the rights of shareholders in SEMAFO (or the “Corporation”) based upon current Québec legislation and the Corporation’s current Articles of Incorporation and by-laws. It also sets out certain differences between Québec corporate law and Canadian corporate governance principles compared to Swedish corporate law and the Swedish Code of Corporate Governance (the “Swedish Code”), with the aim to highlight some of the material differences in shareholders’ rights. As a foreign issuer with a secondary listing of shares on the NASDAQ OMX Stockholm, SEMAFO is not required to comply with the corporate governance rules of the Swedish Companies Act or of the Swedish Code. The below descriptions of shareholder rights in Sweden are of a general nature and are included only for comparative purposes. The summary does not claim to give an exhaustive account of the corporate documents mentioned above, nor of all potentially relevant differences between Québec and Swedish law or corporate governance requirements.

Rights Benefits and Limitations Attached to the Shares

Voting Rights

Canada

A shareholder may vote all the shares owned or represented by him, unless otherwise prescribed in the Corporation’s Articles. Holders of common shares are entitled to one vote for each common share held at all meetings of shareholders of the Corporation. Holders of Class “A” and Class “B” preferred shares are not entitled to vote their shares.

Sweden

Under the Swedish Companies Act, different classes of shares may have different voting rights. No share may however have a voting right which exceeds the voting rights of any other share by more than ten times.

Shareholder Meetings

Canada

An annual meeting of the shareholders must be held within six months from the end of the Corporation’s fiscal year. The purpose of an annual shareholder meeting is, among other things, to elect the members of the Board of Directors (the “Board”), examine the audited financial statements and the auditor’s report for the last completed fiscal year, appoint the shareholders’ auditors and authorize the Board of Directors to fix their compensation as well as any other matters which must be addressed by the shareholders pursuant to the various corporate laws and regulations applicable to the Corporation.

Special meetings may, according to the Corporation’s by-laws, be called at any time by the Chairman of the Board, the President, the Secretary or by two directors. In addition, pursuant to the Corporation’s by-laws, a shareholder holding 10 percent or more of the value of the shares may request the Board to call a special meeting of shareholders.

Unless all shareholders agree or the Corporation’s Articles provide otherwise (which is not the case), shareholder meetings are to take place in Québec. There are no obligations according to law for the Corporation’s directors or Chief Executive Officer to attend shareholder meetings. Shareholders’ meetings are chaired by the Chairman of the Board.

Sweden

Under the Swedish Companies Act, shareholder meetings shall be held in the city where the Board of Directors holds its office. Moreover, the Swedish Code stipulates that the Chairman of the Board of Directors together with a quorum of directors, as well as the Chief Executive Officer, shall attend shareholders' meetings. The Chairman of the shareholders' meeting shall be nominated by the nomination committee and elected by the shareholders' meeting. The minutes of a shareholders' meeting shall be available on the company's website no later than two weeks after the meeting.

Notices

Canada

Notice of the time and place of a shareholders' meeting shall be given by mail not less than 21 days and not more than 60 days before the meeting to each shareholder who at the close of business on the record date (as further described below) for such meeting is entered in the securities register as shareholder. To ensure timely voting of proxies, proxy circulars shall be distributed within the same period of time. The notice of meeting must specify the time and place of the meeting of shareholders as well as the business to be transacted. It must also specify a time preceding the meeting by not more than 48 hours (excluding Saturdays and holidays) before which the Corporation must receive the proxies of the shareholders who wish to be represented by proxy. The notice of meeting must state the business on the agenda in sufficient detail to permit the shareholders to form a reasoned judgment on it, and contain the text of any special resolution that requires approval by at least two thirds of the votes cast at a shareholders' meeting by the shareholders entitled to vote on the resolution.

Sweden

Under the Swedish Companies Act, a general meeting of shareholders must be preceded by a notice. The notice of the annual general meeting of shareholders must be issued no sooner than six weeks and no later than four weeks before the date of an annual general meeting. In general, notice of other extraordinary general meetings must be issued no sooner than six weeks and no later than three weeks before the meeting. Public limited companies must always notify shareholders of a general meeting by advertisement in the Swedish Official Gazette and on the company's website. Subject to its Articles of Association, the company must either publish the full notice in a daily newspaper with nationwide circulation or a short form message containing information regarding the notice and where it can be found. The notice shall include an agenda listing each item that the meeting is to resolve upon. Pursuant to the Swedish Code, a company shall, as soon as the time and venue of a shareholders' meeting have been decided, and no later than in conjunction with the third quarter report, post such information on the company's website.

Record Date

Canada

The right to receive notice of and vote at a shareholders' meeting will vest in any person who is a shareholder at the record date for notice of the meeting, which is a date set by the Board between 21 to 60 days before the date of the meeting.

Canadian securities laws also permit the Corporation to set a record date for voting, which is typically the same date as the record date for notice. Notice of record date shall be given not less than 25 days prior such record date, by newspaper advertisements in Québec and to all depositories, securities regulatory authorities and exchanges on which its securities are listed.

Sweden

Under the Swedish Companies Act, in order for a shareholder in a company to participate in a shareholders' meeting, the holder must have his shares registered in his own name in the shareholders' register kept by the CSD on the fifth business day prior to the date of the shareholders' meeting. Shareholders must also, if provided for in the Articles of Association, give notice of their intention to attend the shareholders' meeting.

Voting at Shareholder Meetings

Canada

Shareholders' can vote their shares by mail, telephone, internet, in person at the meeting or by appointing somebody as proxy-holder to attend the meeting and vote the shares on behalf of the shareholder. Shareholders with nominee held shares

must contact their nominee to find out how the shareholder can attend the meeting in person and if the nominee has any voting instructions for the appointment of proxy holders. A proxy must be in writing executed by the shareholder and must conform with other applicable securities rules. The Board may specify in the notice calling the shareholders' meeting preceding the meeting by not more than 48 hours (excluding Saturdays and holidays) before which the Corporation must receive the proxies of the shareholders who wish to be represented by proxy. A proxy-holder may hold the proxies of several shareholders. A proxy shall be valid only at the meeting in respect of which it was given or any adjournment thereof.

Sweden

Under the Swedish Companies Act, shareholders of record as of the record date are entitled to vote at a general meeting (in person or by appointing a proxy-holder). Shareholders who have their shares registered through a nominee and wish to exercise their voting rights at a general meeting must request to be temporary registered as a shareholder of record at the record date.

Issue of Shares

Canada

Under the Québec Business Corporations Act (the "QBCA"), shares may be issued at such times and to such persons and consideration as the Board may determine, provided that there are no pre-emption rights in the company's articles of association or by-laws (which is not the case in the Corporation's Articles, see below). The Toronto Stock Exchange ("TSX") requires shareholder approval for the listing of newly issued shares including if the related transaction (i) materially affects the control of the listed issuer or (ii) provides consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer, during any six month period, and has not been negotiated at arm's length.

Sweden

Under the Swedish Companies Act, resolutions on new share issues are passed by the shareholders' meeting. A shareholders' meeting may also authorize the Board of Directors to issue new shares, provided that the authorization is within the limits of the number of shares and share capital set out in the company's Articles of Association. Further, the Board of Directors may resolve to issue new shares without such authorization, provided that the resolution is conditioned upon the shareholders' approval and within the limits of the number of shares and share capital set out in the company's Articles of Association.

Pre-emption rights

Canada

Shareholders do not have pre-emption rights to newly issued shares, unless otherwise provided in the Articles or by-laws. The Articles and by-laws of the Corporation do not contain any such provision and the Board may issue shares at such times, on such terms and conditions, to such persons and for such consideration as the Board sees fit. Irrespective of any such provisions in the Articles, no pre-emptive rights exist in respect of shares issued for consideration other than money, as a share dividend or pursuant to the exercise of conversion privileges, options or rights previously granted by the corporation.

Sweden

Under the Swedish Companies Act, shareholders of any class of shares have a pre-emption right (Sw. företrädesrätt) to subscribe for shares issued of any class in proportion to their shareholdings. Pre-emption right to subscribe does not apply in respect of shares issued for consideration other than cash or of shares issued pursuant to convertible debentures or warrants previously granted by the company. The pre-emption right to subscribe for new shares may also be set aside by a resolution passed by two thirds of the votes cast and shares represented at the shareholders' meeting resolving upon the issue.

Dividends

Canada

Under the QBCA, dividends are paid if, as and when declared by the Board. It is common practice in Canada for dividends, if any, to be declared and paid on a quarterly basis. There are hence no fixed dates for dividends and the profits may instead be accumulated and used for the purposes of the Corporation. Under the QBCA, the payment of dividends is prohibited if there are reasonable grounds for believing that the Corporation is, or would after the payment be, unable to pay its liabilities as they become due. The gold mining industry is capital intensive and the Corporation's profits may need to be accumulated and

used for the purposes of the Corporation's operations. Hence, there can be no assurance that the Corporation will pay any dividends to its shareholders in the future.

Any decision to pay dividends on the shares may be dependent upon obtaining any required consents from the Corporation's lenders, the financial requirements of the Corporation to finance future growth, the financial condition of the Corporation and other factors which the Board of the Corporation may consider appropriate in the circumstances.

Sweden

Under the Swedish Companies Act, only a shareholders' meeting may authorize the payment of dividends. A resolution to pay dividends may, with some exceptions, not exceed the amount recommended by the Board of Directors. Dividends may only be made if, after the payment of the dividend, there is sufficient coverage for the company's restricted equity and the payment of dividends are justified, taking into consideration the equity required for the type of operations, the company's need for consolidation and liquidity as well as the company's financial position in general. Each person who is listed as a shareholder in the printout of the entire share register as of the record date for the dividend (usually the third business day following the shareholders' meeting) will be entitled to receive the dividend distribution. Dividends are normally distributed to the shareholders through Euroclear Sweden.

Restrictions on Changes of Control

Canada

Under Canadian law, the Board may adopt a shareholder rights plan (known as poison pills, a mechanism allowing the Board to have sufficient time to seek alternatives in the event of an unsolicited takeover bid), which may have an effect of delaying, deferring or preventing a change of control of the Corporation. Furthermore, the acquisition by non-Canadians of the control of a Canadian business may be subject to review pursuant to the Investment Canada Act.

A shareholder rights plan has been adopted by the Board effective as from March 15, 2011. Such plan was ratified and approved for a three year term at the annual general and special meeting of shareholders held on May 10, 2011. At the annual general and special meeting of shareholders held on May 15, 2014, shareholders approved the extension of the shareholder rights plan for an additional three years. For an outline of the plan refer to SEMAFO's Management Proxy Circular.

Sweden

Not applicable

Amendments to the Articles or By-Laws

Canada

The rights of the shareholders can be changed by way of amending or repealing the Articles and/or by-laws of the Corporation. Under the QBCA, an amendment to the Articles of a company generally requires approval by special resolution of the shareholders. A special resolution is 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. However, pursuant to the Articles of the Corporation, any amendments of the Articles must be approved by at least 75% in value of the outstanding shares. The Board may amend or repeal the by-laws of the Corporation effective at the date of the Board's resolution. In such case, the Board is normally required under the QBCA to submit the amendment or repeal to the shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the amendment or repeal by an ordinary resolution. An ordinary resolution is a resolution passed by a majority of the votes cast by shareholders entitled to vote on the resolution. A resolution would cease to be effective at the close of the shareholders' meeting if it is rejected or not submitted to the shareholders. However, by-law amendments relating to procedural matters with respect to shareholders' meetings take effect only once they have received shareholder approval.

Sweden

Under the Swedish Companies Act, an alteration of the Articles of Association requires a resolution passed at a shareholders meeting. The number of votes required for a valid resolution depends on the type of alteration, however, not less than two-thirds of the votes cast and of the shares represented at the meeting. The Board of Directors is not allowed to make amendments to the Articles of Association.

Directors and the Board of Directors

Number of Directors

Canada

Under the laws applicable to the Corporation, a public company must have no fewer than three Board members, at least two of whom are not officers or employees of the corporation or its affiliates. According to the Articles, the Corporation shall have a minimum of one director and a maximum of 15 directors. Within that range, the number of directors is fixed by resolution of the Board of Directors from time to time. There are currently seven directors. There are no restrictions as to directors also being members of the executive management of the Corporation. According to Canadian corporate governance principles, more than half of the directors should be independent of the Corporation.

Sweden

Under the Swedish Companies Act, a public company shall have a Board of Directors consisting of at least three Board members. More than half of the directors shall be resident within the European Economic Area (unless otherwise approved by the Swedish Companies Registration Office). The actual number of Board members shall be determined by a shareholders' meeting, within the limits set out in the company's Articles of Association. Under the Swedish Code, not more than one Director may also be a senior executive of the relevant company or a subsidiary. The Swedish Code includes certain independence requirements for the Directors, according to which more than 50 % of the Directors shall be independent of the company and two out of these shall also be independent of major shareholders.

Nomination, Appointment and removal of Directors

Canada

The Human Resources and Corporate Governance Committee (the "HRCGC") is responsible for proposing to the Board nominees to the position of Director. The directors are then nominated by the Board of Directors and elected at the shareholder meeting.

Election of Directors takes place on shareholders' meetings by ordinary resolution. Pursuant to the Corporation's majority voting policy adopted by the Board, a nominated director will be considered not to have received the support of the shareholders where he or she receives more "withheld" than "for" votes at the shareholders' meeting, even though duly elected as a matter of corporate law. Such nominee shall forthwith submit to the Board his or her resignation. The HRCGC will then assess all circumstances relating to this situation and, as the case may be, recommend to the Board whether to accept the resignation of the nominee.

Shareholders may also remove any Director, by way of an ordinary resolution at a special meeting of shareholders called for such purpose. The vacancy created by such removal may under certain circumstances be filled at the same meeting or, if not, by the Board. The Chairman of the Board is appointed by the Board.

Sweden

Under Swedish law, the Board of Directors shall, except for any employee representatives, be elected by the annual general meeting of shareholders, unless the Articles of Association provide otherwise. The members of the Board of Directors are usually elected for the period until the end of the next annual general meeting of shareholders, unless a longer term of up to four financial years is set out in the Articles. It is possible for a Board member to be re-elected for a new term of office.

Companies to which the Swedish Code applies shall have a nomination committee. In addition to nominating Directors, the nomination committee shall nominate the Chairman of the Board of Directors and the auditors and shall also propose fees to each Director and to the auditors. The nomination committee's proposals are to be presented in the notice of the shareholders' meeting and on the company's website. At the same time, the nomination committee is to issue a statement on the company's website explaining its proposals and providing more information about the candidates proposed for election or re-election.

Under the Swedish Code, the annual general meeting of shareholders shall either appoint the members of a nomination committee or pass a resolution specifying how the members are to be appointed. The nomination committee shall have at least three members, the majority of which shall be independent of the company. One of the independent members shall also be independent of the major shareholders. The Chief Executive Officer and other senior executives may not be members of the nomination committee.

Powers of the Board of Directors and Delegation of the Board of Directors' Powers

Canada

The Board is responsible for the stewardship of the Corporation and for supervising the management of its business and affairs. The Board may from time to time delegate to a committee all or any of the powers conferred on the Board. Further, the Board may appoint a Chief Executive Officer.

Sweden

Under the Swedish Companies Act, the Board of Directors in a public company shall appoint a Managing Director and may also appoint one or more Deputy Managing Directors. The Managing Director is responsible for the day-to-day management of the company in accordance with law, which normally includes appointing the other senior executives. The Managing Director shall be resident within the European Economic Area (unless otherwise approved by the Swedish Companies Registration Office).

Remuneration

Canada

The Corporation has an obligation to disclose the process for determination of compensation to the directors and officers. There are no requirements to the effect that the shareholders' meeting shall determine guidelines for director fees or executive compensation, nor are there any guidance or requirements stipulated by legislation as regards variable executive compensation. However, the Board has in its mandate to the HRCGC instructed the committee to review and recommend to the Board for approval (i) the adequacy and form of compensation of Board members and (ii) the overall compensation strategy and annual compensation of the executive management. For information regarding remuneration of the Board and Named Executive Officers refer to SEMAFO's Management Proxy Circular.

Sweden

Under the Swedish Companies Act, the remuneration to the Board of Directors shall be determined by the annual general meeting of shareholders, specifying the amount for each Director. For companies complying with the Swedish Code, the nomination committee's proposal to the annual general meeting of shareholders shall include a proposal regarding the remuneration to each member of the Board.

In addition, companies shall pursuant to the Swedish Code have a remuneration committee. The remuneration committee shall prepare the Board of Directors' resolutions regarding executive compensation and shall also monitor and evaluate the company's principles and levels of remuneration to the executive management, including programs for variable compensation. The Chairman of the Board of Directors may chair the remuneration committee, while other committee members shall be independent of the company. The Swedish Code also stipulates that variable compensation paid in cash to the executive management shall be subject to predetermined limits regarding the total outcome. The Board of Directors shall consider (i) to make payment conditional on the performance proving to be sustainable over time and (ii) to introduce the right to reclaim remuneration that has been paid on the basis of information which later proves to be manifestly misstated. Furthermore, all share and share-price related incentive schemes for the executive management shall be approved by a shareholders' meeting.

Financial Statements, Auditor's reports, Auditors and Audit Committee

Canada

Under the QBCA, the members of the Board of a company must place before the shareholders at each annual meeting comparative financial statements for the most recently completed financial period and the report of the auditors' thereon. The financial statements must include, at a minimum, a balance sheet, a statement of changes in equity, an income statement, a comprehensive income statement, and a statement of cash flows. The directors of a company must approve the financial statements. A company must send a copy of the comparative financial statements and the auditor's report thereon, if any, to each shareholder, except a shareholder who has informed the company in writing that he does not want them, at least 21 days before each annual meeting of shareholders.

The Corporation also has an obligation under law to publish interim reports for each of the first three calendar quarters each year, which reports do not have to be audited or reviewed by the auditors.

The auditors are nominated by the Board after recommendation by the audit committee, and are normally appointed as part of the regular business transacted at the annual shareholders' meeting. The by-laws stipulate that the auditor shall be independent of the Corporation and of its directors and officers. Independence is a question of fact in each case except, however, that there is, in certain circumstances, a deemed lack of independence pursuant to the by-laws.

Sweden

Under the Swedish Companies Act, the annual general meeting shall adopt the balance sheet and the profit and loss statement. Further, it makes decisions in respect of the disposition of the company's profit or loss (such as payment of dividends). The annual report must be prepared not later than five months after the end of the financial year and then be passed to the auditor. The annual report, together with the auditors' report, must be presented at a shareholders annual meeting held within six months after the end of the financial year. A copy of the annual report and the auditors' report must be made available to the shareholders not less than three weeks before the meeting. Pursuant to the Swedish Code, the Board of Directors shall ensure that the company's six- or nine-month report is reviewed by the company's auditor.

Auditors are appointed by a general meeting of shareholders, whereby a registered accounting firm may be appointed auditor. The Swedish Code requires that the Board of Directors shall at least once annually meet the company's auditor without any member of the executive management present.

Companies whose shares are listed on a regulated market must have an audit committee, unless the assignments of such committee are carried out by the Board of Directors. The audit committee shall (i) monitor the company's financial reporting; (ii) monitor the efficiency of the company's internal control, internal audit and risk management; (iii) keep itself informed regarding the audit of the annual report and consolidated financial statements; (iv) review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than auditing services; and (v) assist in the preparation of a proposal to the general meeting for a resolution regarding the election of auditors.

The members of the audit committee must not be employed by the company and at least one member of the committee must be independent and have accounting or auditing skills. Pursuant to the additional requirements of the Swedish Code, the audit committee shall consist of at least three Board members. The majority of the members of the audit committee are to be independent of the company and its executive management. At least one independent member must also be independent of the company's major shareholders.

Corporate Governance reports and Website

Canada

Companies listed on the TSX must provide corporate governance information in the Management Information Circular (usually referred to as a proxy circular). The circular is distributed together with the Corporation's notice of annual shareholders' meeting. There is no requirement to post the Management Information Circular on the Corporation's website, nor to have the Management Information Circular reviewed by the Corporation's auditors. The contents of the Management Information Circular is regulated by Canadian securities laws, according to which the circular must, among other things, include a discussion of the Corporation's practices of the Canadian corporate governance principles. There are no legal requirements as regards information on the Corporation's website.

Sweden

Swedish companies whose shares are subject to trading on a regulated market shall according to law prepare an annual corporate governance report, with information about, among other things, the key elements of the internal control systems, information about major shareholders, information about the Board of Directors and its committees and any mandates for the Board of Directors to issue new shares or acquire treasury shares.

In addition to the requirements as to the content of such report stipulated by legislation, the Swedish Code requires that the company in the report states which rules of the Swedish Code it has not complied with, explains the reasons for each case of non-compliance and describes the solution it has adopted instead. Moreover, the corporate governance report shall include

certain information regarding the division of work among the Directors and its committees, certain information about the Directors and the Chief Executive Officer (such as age, principal education, work experience and shareholdings in the company) and details on any infringement of the stock exchange rules or good practice on the securities market during the past year.

The company must also have a section on its website devoted to corporate governance matters, where the company's three most recent corporate governance reports are to be posted, together with, among other things, the articles of association, information about the nomination committee, information about upcoming shareholders' meetings, the minutes of shareholders' meetings held during the past three years, information about the Directors, the Chief Executive Officer and the auditor and a description of the company's system of variable remuneration to the Board of Directors and the executive management, as well as of each outstanding share and share price related incentive scheme.

Distribution of Information to the Canadian and Swedish Markets

The Corporation is subject to the information and reporting requirements of the Canadian securities laws and the rules, policies and guidelines of the TSX. The Corporation files periodic reports and other information with securities regulatory authorities in Canada and the TSX relating to its business, financial condition and other matters. The Corporation is required to disclose in such reports certain information, as of particular dates, concerning the Corporation's Directors and officers, their compensation, stock options granted to them, the principal holders of the Corporation's securities and any material interest of such persons in transactions with the Corporation.

Following the shares being listed on NASDAQ OMX Stockholm, SEMAFO became subject to the rules on disclosure of the NASDAQ OMX Stockholm Rulebook for Issuers. Financial reports and press releases have been published on the Corporation's website at www.semafo.com and by its news distributors, with separate news distributors for the Canadian and Swedish markets. According to a decision by the SFSA, information are disclosed in English only.

Redemption Provisions

Canada

Under the QBCA, a corporation may be liquidated and dissolved by special resolution of the shareholders adopted at the shareholders meeting at which the shareholders consent to the dissolution of the Corporation.

Unless otherwise provided in the Corporation's Articles and subject to the shareholders resolution, the Board will distribute the remaining property of the Corporation among the shareholders entitled to participate in the distribution, in proportion to their holdings of shares.

Unless otherwise provided in a corporation's articles and subject to the provisions of the QBCA, a corporation may, by purchase, redemption, exchange or otherwise, acquire fully paid shares it has issued. A corporation may redeem shares unilaterally in accordance with its articles only if it pays their redemption price in full. Moreover it may not purchase unilaterally redeemable shares for a price that is higher than the redemption price. . A corporation may not make a payment or redeem shares if there are reasonable grounds for believing that the corporation is, or would after the payment , be unable to pay (i) its liabilities as they become due; (ii) the entire redemption price of its redeemable shares.

A corporation may not be compelled to pay for shares of its share capital that it has acquired if it shows that by doing so, it would contravene the above mentioned conditions. In such case however, the former holder of the shares becomes a creditor of the corporation and is entitled to be paid as soon as such corporation may legally do so or, in the event of liquidation, to be collocated ahead of the shareholders of the same class and of equal ranking classes, but behind other creditors of such corporation. Subject to TSX approval, a listed company on the TSX can file a Notice of Intention to Make a Normal Course Issuer Bid for the company to purchase by normal market purchases its listed securities over a 12-month period subject to specific requirements. Such requirements including those where the normal course issuer bid, may not exceed over a 12-month period, the greater of (i) 10 per cent of the public float on the date of acceptance of the notice of normal course issuer bid by TSX, or (ii) 5 per cent of such class of securities issued and outstanding on the date of acceptance of the notice of normal course issuer bid by TSX, excluding any securities held by or on behalf of the listed issuer on the date of acceptance of the notice of normal course issuer bid by TSX.

Sweden

Under the Swedish Companies Act, a company with shares listed on a regulated market is permitted to repurchase a maximum of ten percent of all outstanding shares in the company. A resolution to repurchase shares must be taken either by a qualified majority vote among the shareholders at a general meeting or, following authorization from the general meeting with same majority vote, by the board of directors.

A general meeting may also resolve upon the redemption of the company's shares through which the share capital of the company will be reduced. This is a more formal and complex process, which as a main rule involves also notice to the company's creditors.

Shareholder Remedies and Special Audit Rights**Canada**

Monitoring and control mechanism including shareholders remedies under the QBCA include the rectification of abuse of power or iniquity, the authorization to act on behalf of a corporation, dissenting rights and investigation rights.

Rectification of abuse of power or iniquity

An applicant may obtain an order from the court to rectify a situation if the court is satisfied that (i) any act or omission of the corporation or any of its affiliates effects or threatens to effect a result, (ii) the business or affairs of the corporation or any of its affiliates are or have been, are or are threatened to be conducted in a manner, or (iii) the powers of the directors of the corporation or any of its affiliates have been, are or are threatened to be exercised in a manner, that is or could be oppressive or unfairly prejudicial to any security holder, director or officer of the corporation. An "applicant" means (a) a registered holder or beneficiary, and a former registered holder or beneficiary of a corporation or any of its affiliates, (b) a director or an officer or a former director or officer of a corporation or any of its affiliates, or (c) any other person who, in the discretion of the court, has the interest required to make an application

In connection with such an application, the court may make any interim or final order it thinks fit including, an order: (i) restraining the conduct complained of; (ii) appointing a receiver; (iii) revising the functioning of the corporation by amending the articles or the by-laws establishing or amending an unanimous shareholder agreement (iv) directing an issue or exchange of securities (v) making appointment to the board of directors, either to replace all or some of the directors or to increase the number of directors (vi) directing a corporation, or any other person, to purchase securities of a security holder; (vii) directing a corporation, or any other person, to pay a security holder any part of the monies that the security holder paid for securities; (viii) varying, setting aside or annulling a contract or transaction to which a corporation is a party and compensating the corporation or any other party to the transaction or contract; (ix) requiring a corporation, within a time specified by the court, to produce to the court or an interested person financial statements or an accounting in such other form as the court may determine; (x) compensating a person who has suffered prejudice; (xi) directing rectification of the records of a corporation; (xii) dissolving the corporation and winding it up if it has property or obligations; (xiii) directing an investigation to be made; and (xiv) condemning, not only in the case of improper use of procedure but also whenever the court thinks fit, any party to the proceedings to pay, in whole or in part, the extrajudicial fees and other costs of any party. However, a corporation may not make any payment to a shareholder under subsections (vi) or (vii) above if there are grounds for believing that it would or could cause such corporation to be unable to pay its liabilities as they become due.

Authorization to act on behalf of the Corporation

An applicant (who is the same as the one defined in the above section) may apply to a court for leave to bring an action in the name and on behalf of a corporation or any of its subsidiaries, or intervene in an action to which any such corporation or subsidiary is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation or the subsidiary. In connection with an action brought or intervened in, the court may at any time make any order it thinks fit including, without limiting the generality of the foregoing, an order: (i) authorizing the complainant or any other person to control the conduct of the action; (ii) giving directions for the conduct of the action; (iii) revising the functioning of the corporation or its subsidiary by amending the articles or the by-laws or by establishing or amending an unanimous shareholder agreement (iv) making appointments to the board of directors of the corporation or its subsidiary, either to replace all or some of the directors or to increase the number of directors (v) directing an investigation to be made (vi) directing that any amount awarded against a defendant be paid, in whole or in part, directly to former and present security holders of the corporation or its subsidiary instead of to the corporation or its subsidiary; and (vii) requiring the corporation or its subsidiary

to pay, in whole or in part, extra judicial fees and other reasonable costs incurred by the applicant in connection with the action or intervention.

Dissent Rights – Right to Demand Repurchase of Shares

The QBCA confers a right to dissent to shareholders who disagree with certain actions taken by a corporation on matters which will significantly affect the structure of the corporation or their rights as shareholders, hence providing shareholders with the right to demand that the corporation repurchase all of their shares at fair value. That right to dissent is subject to the shareholder having exercised all of his available voting rights against the adoption and approval of the resolution respecting among others, the following fundamental changes (i) squeeze out transaction (ii) amendment to the articles to add, change or remove any restriction on the corporation's business activity or on the transfer of the corporation's shares (iii) alienation of the corporation property if, as a result of the alienation, the corporation is unable to retain a significant part of its business activity (iv) alienation of the property (v) amalgamation (vi) continuance of the corporation under the laws of a jurisdiction other than Quebec. Procedures for dissenting are specific and failure to strictly comply with the procedures may result in the loss of all dissent rights. If the procedures are followed, the dissenter's shares must then be purchased by the corporation at fair value, meaning the fair value of the shares on the day before the resolution conferring the right to demand a repurchase is adopted. In the event that the parties cannot agree on what constitutes fair market value either the corporation or the dissenter can apply to court to determine the appropriate fair value.

Investigation

A registered holder or beneficiary of a corporation's securities may apply to a court for an order directing an investigation to be made of the corporation and any of its affiliates. If, on an application, it appears to the court that (a) the business of the corporation or any of its affiliates is or has been carried on with intent to defraud any person, or the corporation or any of its affiliates was formed or is to be dissolved for a fraudulent or unlawful purpose (b) persons concerned with constitution, business or affairs of the corporation or any of its affiliates are or have acted fraudulently or dishonestly in connection therewith or (c) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised, in a manner that is oppressive or unfairly prejudicial to a registered holder or beneficiary of shares of the corporation. In connection with an investigation, the court may make any order it thinks fit, including, without limiting the generality of the foregoing, (i) an order to investigate (ii) an order appointing and determining the remuneration of an inspector, or replacing an inspector (iii) an order authorizing an inspector to enter any premises in which the court is satisfied there might be relevant information, to examine anything and make copies of any document or record found on the premises and (iv) an order requiring any person to make available to the inspector any information concerning the business and affairs of the corporation and any related document.

Sweden

Special examination

Under the Swedish Companies Act, a shareholder may submit a proposal for an examination through a special examiner. The proposal shall be submitted to an annual general meeting, or to any general meeting for which the matter is included in the notice to attend the general meeting. The scope of the examination shall be defined in the proposal, and may relate to the company's management and accounts during a specific period of time in the past, or certain measures or circumstances within the company. If the proposal is supported by owners of at least one-tenth of all shares, or at least one-third of the shares represented at the general meeting, the Swedish Companies Registration Office shall appoint one or more examiners. The Swedish Companies Registration Office shall give the company's board of directors the opportunity to submit its comments prior to the appointment of a special examiner. The examiner shall submit a report regarding the examination, which shall be made available to the shareholders and presented at the general meeting. Persons who are no longer shareholders, but who were included in the voting register prepared for the general meeting at which the issue of the appointment of a special examiner was addressed, shall also have the right to read the report.

Minority shareholders' auditor

A shareholder may propose that a minority shareholders' auditor shall be appointed. The proposal shall be submitted to a general meeting at which the election of auditors is to take place, or at a general meeting where the proposal is included in the notice to attend the general meeting. The Swedish Companies Registration Office shall appoint such auditor upon the request of any shareholder, if the proposal is supported by at least one-tenth of all shares in the company, or at least one-third of the

shares represented at the general meeting. The company's board of directors shall be afforded the opportunity to comment prior to the appointment of an auditor. The appointment shall relate to the period of time up to and including the next annual general meeting. The auditor shall participate in the audit together with other auditors.

Certain Extraordinary Corporate Actions

Canada

As mentioned above, under the QBCA, certain extraordinary corporate actions, such as certain amendment to the articles of the corporation, alienation of the corporation property, amalgamation, continuance and dissolutions are required to be approved by special resolution. A special resolution means a resolution that requires at least two thirds of the votes cast at a meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders. In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a separate class or series of shares. Canadian securities laws applicable to the Corporation also require that, in addition to any other required shareholder approval, the Corporation obtain minority shareholder approval for certain transactions, such as a business combination involving related parties

Sweden

Under the Swedish Companies Act, a statutory merger requires a shareholder resolution passed at a general meeting. The majority requirements for a valid resolution depends on the type of companies involved, however not less than two-thirds of the votes cast and the shares represented at the meeting. A voluntary liquidation requires a resolution passed at a shareholders meeting supported by more than half of the votes cast, unless otherwise provided in the articles of association of the company. A material change of the operations conducted by the company may require a change of the company's objects and purposes in the articles of association, see Section "Amendments to the Articles or the By-Laws" above.

Take-Over Bid and Squeeze-out rules

Canada

In Canada rules for take-over bids are mostly governed by Canadian securities laws. The formal "take-over-bid" requirements are triggered when the securities subject to a bid combined with the securities owned by the bidder constitute 20% or more of the outstanding securities of any class. Where the offeror has acquired 90% or more of the shares available, the remaining shares can be acquired through a forced statutory transaction known as "squeeze-out". Where the offeror fails to acquire 90% of the shares available, the balance of the shares may be acquired through a second stage corporate transaction pursuant to which the offeror is entitled to vote the shares acquired under the take-over bid. The QBCA contains protection provisions against squeeze out transactions, where the rights of one or more shareholders in every share they hold of a class of the corporation's shares are being terminated by any transaction other than by purchase by agreement, without substituting rights of equivalent value in shares issued by the corporation to which are attached equal or greater rights and privileges than the affected shares.

Sweden

Under Swedish law an obligation to launch a mandatory take-over bid applies when a party becomes the owner of 30 percent or more of the votes in a company with shares listed on a regulated market.

Under the Swedish Companies Act, a shareholder holding more than 90 percent of the shares in a company is entitled, on a compulsory basis, to buy-out the remaining shares from the other shareholders in the company. On the other hand, a minority shareholder is also, in such situation, entitled to demand that the majority shareholder purchases his or her shares.