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CHAPTER P-17.1  
An Act respecting the Reorganization of  
the Potash Corporation of Saskatchewan

(Assented to August 15, 1989)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

PART I

Title and Interpretation

- Short title                   1 This Act may be cited as The Potash Corporation of Saskatchewan Reorganization Act.
- Interpretation  
"agent"                   2(1) In this Act:  
                                  (a) "agent" means:  
                                      (i) with respect to Her Majesty in right of Canada or in right of a province, an agent of Her Majesty in that right, and includes:  
  (A) a municipal or public body, other than a municipal or public body in Saskatchewan, empowered to perform a function of government in Canada;  
  (B) a corporation empowered to perform a function or duty on behalf of Her Majesty in that right; or  
  (C) a corporation controlled, directly or indirectly, by Her Majesty in that right;  
                                      but does not include a person performing a function or duty in connection with the administration or management of an estate or property of an individual;  
                                      and  
                                      (ii) with respect to the government of a foreign state or a political subdivision of it, a person empowered to perform a function or duty on behalf of the government of the foreign state or political subdivision;
- "articles"                   (b) "articles" means the articles of the purchaser corporation;
- "assets of a PCS subsidiary"                   (c) "assets of a PCS subsidiary" means the real and personal property of a PCS subsidiary;
- "assignee"                   (d) "assignee" means:  
                                      (i) the Crown;  
                                      (ii) an agent of the Crown; or  
                                      (iii) a corporation wholly owned by the Crown or by an agent of the Crown;
- "board"                   (e) "board" means the board of directors of the purchaser corporation;
- "corporation"                   (f) "corporation" means any corporation wherever or however incorporated and includes an association, partnership or other unincorporated organization;
- "Crown"                   (g) "Crown" means Her Majesty in right of Saskatchewan;
- "distribution"                   (h) "distribution" means a distribution as defined in The Securities Act, 1988;

- "government" (i) "government" means:
- (i) Her Majesty in right of Canada or of a province; or
  - (ii) the government of a foreign state or a political subdivision of a foreign state;
- "hold" (j) "hold" includes beneficially own or control;
- "minister" (k) "minister" means the member of the Executive Council to whom for the time being the administration of this Act is assigned;
- "non-resident" (l) "non-resident" means:
- (i) an individual, other than a Canadian citizen, who is not ordinarily resident in Canada;
  - (ii) a corporation incorporated, formed or otherwise organized elsewhere than in Canada;
  - (iii) the government of a foreign state or a political subdivision of a foreign state or an agent of either;
  - (iv) a corporation that is controlled directly or indirectly by an individual, corporation, government or agent of a government described in subclauses (i) to (iii);
  - (v) a trust:
    - (A) established by an individual, corporation, government or agent of a government described in subclauses (i) to (iv), other than a trust for the administration of a pension fund for the benefit of individuals, a majority of whom are residents; or
    - (B) in which individuals, corporations, governments or agents of governments described in subclauses (i) to (iv) have more than 50% of the beneficial interest;
  - (vi) a corporation of which the majority of the directors, or persons occupying the position of director by whatever name called, are individuals described in subclause (i); or
  - (vii) a corporation that is controlled directly or indirectly by a trust described in subclause (v);
- "PCS" (m) "PCS" means the Potash Corporation of Saskatchewan continued pursuant to The Potash Corporation of Saskatchewan Act ;
- "PCS assets" (n) "PCS assets" means all of the property referred to in subsection 4(4) of The Potash Corporation of Saskatchewan Act;
- "PCS subsidiary" (o) "PCS subsidiary" means:
- (i) the following corporations:
    - (A) Potash Corporation of Saskatchewan Mining Limited;
    - (B) Potash Corporation of Saskatchewan Sales Limited;
    - (C) Potash Corporation of Saskatchewan Transport Limited; or
    - (D) Potash Corporation of Saskatchewan International Limited;
  - (ii) any subsidiary of the corporations mentioned in paragraphs (i)(A) to (D);
  - (iii) any continuation of a corporation mentioned in subclause (i) or (ii) resulting from one or more amalgamations or reorganizations;
- "person" (p) "person" includes:

- (i) an individual;
- (ii) a corporation;
- (iii) a trust of any kind or nature, including a voting trust; and
- (iv) any government or agent of a government;
- "purchaser corporation"
- (q) "purchaser corporation" means:
- (i) Potash Corporation of Saskatchewan Inc.; and
- (ii) any continuation of it resulting from one or more amalgamations or reorganizations made pursuant to The Business Corporations Act;
- "resident"
- (r) "resident" means a person who is not a non-resident;
- "shareholder"
- (s) "shareholder" means a person who is the holder or beneficial owner of or person who controls a voting share of the purchaser corporation;
- "voting share"
- (t) "voting share" means a share of the purchaser corporation that, apart from this Act, carries voting rights under:
- (i) all circumstances; or
- (ii) circumstances that have occurred and are continuing.
- (2) For the purposes of this Act:
- (a) a corporation is affiliated with another corporation if one is the subsidiary of the other or if both of them are controlled by the same person;
- (b) a corporation with share capital is controlled by a person if shares of the corporation carrying voting rights sufficient to elect a majority of the directors of the corporation are held, directly or indirectly, other than by way of pledge, hypothecation, mortgage or other form of security for indebtedness, by or on behalf of that person;
- (c) a corporation without share capital is controlled by a government in Canada if all or a majority of its members or directors are appointed or designated, either by their personal names or by their names of office, by:
- (i) a statute or regulations made pursuant to a statute;
- (ii) the Governor in Council or the Lieutenant Governor in Council of a province, as the case may be; or
- (iii) a minister of Her Majesty in right of Canada or of a province, as the case may be; or
- (iv) any combination of the means described in subclauses (i) to (iii);
- (d) a corporation is controlled by a person if the corporation is, in the opinion of the board as evidenced by a resolution of the board, effectively controlled by that person either:
- (i) directly or indirectly; and
- (ii) through:
- (A) the holding of shares of the corporation or any other corporation;
- (B) the holding of a significant portion of the outstanding debt of the corporation; or
- (C) any other means, whether of a like or different nature to that described in paragraphs (A) and (B);
- (e) a corporation is a subsidiary of another corporation if it is controlled by that other

corporation;

(f) a person is deemed to beneficially own voting shares of the purchaser corporation if:

- (i) the voting shares are beneficially owned by a corporation controlled by that person or by an affiliate of that corporation; or
- (ii) the voting shares are beneficially owned by that person through a trustee, legal representative, agent or other intermediary;

(g) a corporation is deemed to beneficially own voting shares of the purchaser corporation if those shares are beneficially owned by an affiliate of that corporation.

(3) For the purposes of this Act, when the total number of votes attached to voting shares held by a person or members of a group of associated persons is in excess of the percentage limit mentioned in subsection 12(1), all of the voting shares held by that person or members of that group are deemed to be held in contravention of that subsection.

(4) For the purposes of this Act, a person is associated with another person if:

- (a) one is a corporation of which the other is an officer or director;
- (b) one is a corporation that is controlled by the other person;
- (c) one is a partnership of which the other is a partner;
- (d) one is a trust of which the other is a trustee;
- (e) both are corporations that are controlled by the same person;
- (f) both are members of a voting trust or parties to an arrangement that relates to voting shares;
- (g) one of them is a government and the other is an agent of that government;
- (h) both are agents of the same government;
- (i) both are holders of the same voting shares; or
- (j) both are associated within the meaning of any of clauses (a) to (i) with the same person.

(5) Notwithstanding subsection (4), for the purposes of this Act:

(a) two corporations are not deemed to be associated with each other by virtue of clause (4)(j) by reason only that each is associated with the same person pursuant to clause (4)(a);

(b) if any person holds or appears to the board to hold voting shares to which are attached not more than 10,000 votes that may be cast to elect the board:

- (i) that person is not associated with any other person; and
- (ii) no other person is associated with that person;

in relation to those voting shares;

(c) if one person who is associated with another person pursuant to subsection (4) submits to the purchaser corporation a statutory declaration:

- (i) stating that none of the voting shares held by him or her or to be held by him or her are or will be, to his or her knowledge, held in right of, or for the use or benefit of, himself or herself or any person with whom he or she is associated pursuant to subsection (4); or
- (ii) specifying the number of voting shares of which he or she is the shareholder that:

(A) are not held by him or her; and

(B) will not to his or her knowledge be held by him or her; in right of, or for the use or benefit of, any person with whom he or she is associated pursuant to subsection (4);

then neither shareholder is associated with the other in relation to those voting shares as long as the voting shares from time to time held by the person who made the declaration are not held contrary to the statements made in the declaration.

- (6) Notwithstanding subsections (4) and (5), the board may by resolution declare that two or more persons are associated for the purposes of this Act where the board is satisfied that:
- (a) those persons are parties to an agreement or arrangement under which they act in concert with respect to their interests in the purchaser corporation; or
  - (b) those persons have been and are continuing to act in concert with respect to their interests in the purchaser corporation.
- (7) For the purposes of this Act, if:
- (a) a voting share of the purchaser corporation is held jointly; and
  - (b) one or more of the joint holders is a non-resident;
- the voting share is deemed to be held by a non-resident.
- (8) For the purposes of this Act, if a person who was at any time a resident becomes a non-resident, any voting shares of the purchaser corporation acquired by that person while he or she was a resident and held by him or her while he or she is a non-resident are deemed to be voting shares held for the use or benefit of a non-resident.
- (9) Unless otherwise defined in this Act or the regulations, words and expressions used in this Act have the same meaning as in The Business Corporations Act.

## PART II

### Sale of PCS Assets and Assets of PCS Subsidiaries

Sale of assets

- 3(1) Notwithstanding The Potash Corporation of Saskatchewan Act but subject to the approval of the Lieutenant Governor in Council:
- (a) PCS;
  - (b) a PCS subsidiary; or
  - (c) PCS acting jointly with a PCS subsidiary;
- may enter into transactions that provide, directly or indirectly, for the sale, assignment, transfer or other disposition of all or substantially all of the PCS assets and the assets of PCS subsidiaries to the purchaser corporation on any terms and conditions that the Lieutenant Governor in Council may approve and for any consideration that may be approved by the Lieutenant Governor in Council.
- (2) Subject to the approval of the Lieutenant Governor in Council, PCS or a PCS subsidiary may transfer any or all of the consideration received by it pursuant to subsection (1) to an assignee for any consideration that may be approved by the Lieutenant Governor in Council.
- (3) Subject to subsection (4), where a transaction described in subsection (1) includes the sale, assignment, transfer or other disposition of the shares or other securities of Potash Corporation of Saskatchewan Mining Limited or a successor corporation of Potash Corporation of Saskatchewan Mining Limited created by way of amalgamation or reorganization:

- (a) Potash Corporation of Saskatchewan Mining Limited or the successor corporation, after that disposition, shall comply with Parts III and IV as if it were subject to those Parts; and
  - (b) Parts III and IV apply, with any necessary modification, to Potash Corporation of Saskatchewan Mining Limited or the successor corporation after that disposition.
- (4) In the circumstances described in subsection (3), subsection 12(1) does not apply to voting shares of:
- (a) Potash Corporation of Saskatchewan Mining Limited; or
  - (b) a successor corporation of Potash Corporation of Saskatchewan Mining Limited; that are held by the purchaser corporation.

Rights, etc., on sale

- 4(1) In this section, "assets" means the PCS assets and the assets of a PCS subsidiary.
- (2) With respect to a transaction mentioned in section 3:
- (a) all preferential or other rights to acquire any of the assets are deemed to have been waived; and
  - (b) all notices, consents or approvals that are required pursuant to any agreement that relates to the assets are deemed to have been given.
- (3) With respect to a transaction mentioned in section 3, for the purposes of The Subsurface Mineral Regulations, 1960, being Saskatchewan Regulations 541/67, where the purchaser corporation has acquired all or substantially all of the PCS assets or assets of a PCS subsidiary, the purchaser corporation is deemed to be:
- (a) the same corporation as; and
  - (b) a continuation of each of;
- PCS or the PCS subsidiary, as the case may be, on those terms and conditions that the Lieutenant Governor in Council may prescribe.
- (4) In the event that any transaction mentioned in section 3 includes the sale, assignment, transfer or other disposition of an interest in land whether recorded pursuant to The Land Titles Act or otherwise, it is not necessary:
- (a) to:
    - (i) register or file the agreement evidencing the sale, assignment, transfer or disposition or any other instrument, document or certificate respecting the sale, assignment, transfer or disposition;
    - (ii) make any entries in any registry office showing the sale, assignment, transfer or disposition of the property; or
    - (iii) in the case of lands under The Land Titles Act, have a certificate of title issued in the name of, or to have any mortgage, charge, easement, encumbrance or other document, transferred, assigned or transmitted to the purchaser corporation; or
  - (b) to pay fees to any registry office in connection with the sale, assignment, transfer or disposition other than the fees mentioned in subsection (6).
- (5) A certificate of title or an endorsement with respect to an instrument on a certificate of title may be changed to disclose the name and address of the purchaser corporation on submitting to the registrar of the land titles office where the land is situated an affidavit of

an officer of the purchaser corporation stating:

- (a) that the land or an interest in the land has been sold or assigned to the purchaser corporation;
  - (b) that this section applies to the land described in the affidavit or a schedule to the affidavit; and
  - (c) specifying the name and address of the corporation to which the land and interest in the land is being transmitted pursuant to this section.
- (6) Subject to subsection (7), the registrar mentioned in subsection (5) shall charge the fees prescribed pursuant to The Land Titles Act for changing the certificate of title or an endorsement on the certificate of title in accordance with subsection (5).
- (7) Where the affidavit mentioned in subsection (5) is accompanied by an instrument transferring, mortgaging, assigning, discharging or otherwise dealing with the land, no fees are to be charged for changing the certificate of title or endorsement on the certificate of title in accordance with subsection (6).

#### Sale of securities to the public

- 5(1) The Lieutenant Governor in Council may:
- (a) direct PCS, a PCS subsidiary or an assignee, whichever at the time of the direction holds securities of the purchaser corporation, to sell or otherwise dispose of any or all of the securities of the purchaser corporation; and
  - (b) impose any terms and conditions that the Lieutenant Governor in Council considers appropriate on a direction made pursuant to clause (a).
- (2) Without limiting the generality of clause (1)(b), the Lieutenant Governor in Council may impose a term or condition that relates to a preferential offering of securities of the purchaser corporation mentioned in clause (1)(a) to:
- (a) the employees of the purchaser corporation or its subsidiaries;
  - (b) residents of Saskatchewan; or
  - (c) both of the categories of persons mentioned in clauses (a) and (b).
- (3) Notwithstanding The Potash Corporation of Saskatchewan Act, on receipt of a direction from the Lieutenant Governor in Council pursuant to subsection (1), PCS, the PCS subsidiary or the assignee shall sell or otherwise dispose of the securities referred to in the direction in accordance with:
- (a) the direction; and
  - (b) any terms and conditions that the Lieutenant Governor in Council may prescribe.
- (4) PCS, the PCS subsidiary or the assignee, as the case may be, shall apply the proceeds of the disposition of any securities of the purchaser corporation that are sold or disposed of in accordance with a direction from the Lieutenant Governor in Council pursuant to subsection (1) in the manner, if any, specified in the direction.

#### Subsequent sale transactions

- 6(1) Subject to the approval of the Lieutenant Governor in Council, after completing the transactions mentioned in subsection 3(1):
- (a) PCS;

(b) one or more PCS subsidiaries; or  
 (c) PCS acting jointly with one or more PCS subsidiaries;  
 may enter into one or more transactions that provide, directly or indirectly, for the sale, assignment, transfer or other disposition of all or any part of the PCS assets and the assets of a PCS subsidiary remaining after the transaction to any person for any consideration and on any terms that the Lieutenant Governor in Council may direct.

(2) Subject to the approval of the Lieutenant Governor in Council, PCS or a PCS subsidiary may transfer any or all of the consideration received by it pursuant to subsection (1) to an assignee for any consideration that may be approved by the Lieutenant Governor in Council.

7 Notwithstanding any other Act or law, on or after the day PCS has completed the transactions described in subsection 3(1), the Lieutenant Governor in Council may change the name of PCS.

### PART III Purchaser Corporation

#### Rules affecting purchaser corporation

- 8(1) Subject to the provisions of this Act, The Business Corporations Act shall continue to apply to the purchaser corporation.
- (2) The purchaser corporation shall not apply for continuance in another jurisdiction.
- (3) The purchaser corporation shall have its head office in Saskatchewan.
- (4) The purchaser corporation shall not sell, lease or exchange:
- (a) all or substantially all of its property; or
  - (b) any of its real property:
    - (i) situated in Saskatchewan; and
    - (ii) used by the purchaser corporation directly in its mining operations and acquired pursuant to a transaction mentioned in subsection 3(1);
 that would constitute a significant disposition of its assets.
- (5) The purchaser corporation may:
- (a) continue to use "Potash Corporation of Saskatchewan Inc." as its corporate name; and
  - (b) use "PCS" as the abbreviated form of its corporate name.
- (6) The abbreviated form of the corporate name of the purchaser corporation has, when used, the same force and effect as the full name of the purchaser corporation.
- (7) The majority of directors of the purchaser corporation shall be resident Canadians.
- (8) At least three of the directors of the purchaser corporation shall be residents of Saskatchewan.

#### Non-agent of Crown

9 The purchaser corporation is not an agent of the Crown.

#### Requirements on share issue

10 The purchaser corporation shall cause each share certificate issued with respect to its voting shares to contain a legible statement that this Act applies to the voting shares.

PART IV  
Conditions Relating to Voting Shares

Limitation on holdings by non-residents

11(1) Residents are entitled to hold, in the aggregate, voting shares to which are attached at least 55% of the total number of votes that may be cast by shareholders on any resolution.

(2) Non-residents together with their associates shall not hold, in the aggregate, directly or indirectly, other than by pledge, hypothecation, mortgage or other form of security for indebtedness, voting shares to which are attached more than 45% of the total number of votes that may be cast by shareholders on any resolution.

(3) If the voting rights attached to voting shares of the purchaser corporation that are held by non-residents together with their associates are more than 25% of the total number of votes cast by shareholders on any resolution, those voting rights shall be reduced, on a prorated basis, to limit the counting of those votes cast on any resolution of shareholders of the purchaser corporation to not more than 25% of the total number of votes cast by shareholders on that resolution.

Limitation on holding of voting shares

12(1) Subject to subsections (2) and (6):

- (a) no one person; and
- (b) no group of associated persons;

shall hold, directly or indirectly, other than by pledge, hypothecation, mortgage or other form of security for indebtedness, voting shares to which are attached more than 5% of the total number of votes that may be cast by shareholders on any resolution.

(2) For the purposes of this Act, the percentage limit mentioned in subsection (1) does not apply to:

- (a) the Crown with respect to any voting shares acquired by the Crown pursuant to a transaction mentioned in subsection 3(1) and held by the Crown;
- (b) any agent of the Crown with respect to any voting shares acquired by the Crown or the agent pursuant to a transaction mentioned in subsection 3(1) and held by that agent;
- (c) an assignee with respect to any voting shares acquired by the assignee pursuant to a transaction mentioned in subsection 3(1) and held by that assignee;
- (d) an assignee with respect to any voting shares acquired by the assignee pursuant to subsection 3(3) and held by that assignee; or
- (e) PCS or a PCS subsidiary with respect to any voting shares acquired by PCS or a PCS subsidiary prior to the coming into force of this Part and held by PCS or that PCS subsidiary;

until the voting shares are disposed of by the Crown, agent of the Crown, assignee, PCS or PCS subsidiary, as the case may be.

(3) For the purposes of this section, in the case of the subscription for shares of the purchaser corporation pursuant to an offer of voting shares by way of:

(a) rights granted by the purchaser corporation to holders of its voting shares to purchase additional voting shares; or

(b) a distribution of voting shares to the public;

the purchaser corporation may count all the voting shares included in the offer as voting shares issued and outstanding.

(4) The validity of:

(a) a transfer of voting shares that has been made or recorded in the securities register of the purchaser corporation; or

(b) the issuance of voting shares;

is not affected by the holding of the voting shares in contravention of this section.

(5) If two or more persons hold the same voting shares, each of those persons is deemed to be the sole holder of those voting shares for the purpose of subsection (1).

(6) For the purposes of this Act, the percentage limit mentioned in subsection (1) does not apply to a person acting as an underwriter in connection with a distribution of voting shares during the period commencing on the commencement date of that distribution and ending 150 days after the commencement date of that distribution.

(7) Any person holding voting shares pursuant to subsection (6) shall not exercise any votes attaching to the voting shares held by him or her during the period mentioned in that subsection.

(8) For the purposes of subsection (6), "underwriter" means an underwriter as defined in The Securities Act, 1988.

(9) If a shareholder submits to the purchaser corporation a statutory declaration:

(a) stating that, with respect to voting shares of which he or she is the shareholder, he or she holds those voting shares in right of, or for the use or benefit of, another person with whom he or she is not associated; and

(b) showing the name and address of that other person and the number of voting shares so held;

the shareholder is deemed not to be the holder of those voting shares for the purpose of determining whether this section has been contravened.

#### Enforcement provisions

13(1) The purchaser corporation shall include provisions in its articles that are approved by the Lieutenant Governor in Council respecting the enforcement of the constraints and requirements imposed by this Act on voting shares.

(2) Without limiting the generality of subsection (1), the purchaser corporation shall include provisions in its articles providing for:

(a) the filing of declaration by holders or persons who propose to be holders of voting shares;

(b) the suspension of voting rights;

(c) the forfeiture of dividends;

(d) the refusal by the purchaser corporation to issue or register voting shares;

(e) the redemption or compulsory sale by the purchaser corporation of voting shares.

#### PART V

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## General

- Regulations 14(1) The Lieutenant Governor in Council may make regulations:
- (a) prescribing the manner in which securities of the purchaser corporation may be offered, promoted, advertised, distributed or sold to the public in Saskatchewan;
  - (b) defining, enlarging or restricting the meaning of any word or expression used in this Act but not defined in this Act;
  - (c) prescribing any other matter or thing that is required or authorized by this Act to be prescribed in this Act;
  - (d) respecting any other matter considered necessary or advisable to carry out the intent and purpose of this Act.
- (2) Where the Lieutenant Governor in Council makes regulations pursuant to clause (1)(a), those regulations shall apply notwithstanding The Securities Act, 1988 or The Business Corporations Act.
- Act to prevail 15(1) If there is any conflict between this Act or the regulations and:
- (a) the articles; or
  - (b) the bylaws;
- this Act and the regulations prevail.
- (2) If there is any conflict between:
- (a) this Act; and
  - (b) any other Act, regulations, or law;
- this Act and the regulations prevail.
- (3) If there is any conflict between:
- (a) the regulations; and
  - (b) any other Act, regulations or law;
- the regulations prevail.
- Crown bound 16 The Crown is bound by this Act.
- Non-application of R.S.S. 1978, c.P-17  
17 The Potash Corporation of Saskatchewan Act does not apply to or with respect to the purchaser corporation.
- R.S.S. 1978, c.P-17 repealed  
18 The Lieutenant Governor may by proclamation repeal The Potash Corporation of Saskatchewan Act.
- Coming into force 19 This Act or any provision of this Act comes into force on a day or days to be fixed by proclamation of the Lieutenant Governor.