

**STATEMENT OF CLAIM
UNDER THE ARBITRATION RULES OF THE
UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW
AND
THE NORTH AMERICAN FREE TRADE AGREEMENT**

**WILLIAM RALPH CLAYTON, WILLIAM RICHARD CLAYTON,
DOUGLAS CLAYTON, DANIEL CLAYTON
and
BILCON OF DELAWARE, INC.**

Investors

v.

GOVERNMENT OF CANADA

Party

January 30, 2009

1. Pursuant to Article 18 of the Arbitration Rules of the United Nations Commission on International Trade Law (“UNCITRAL”) and Articles 1116 and 1120 of the North American Free Trade Agreement (“NAFTA”), the Investors, **WILLIAM RALPH CLAYTON, WILLIAM RICHARD CLAYTON, DOUGLAS CLAYTON, DANIEL CLAYTON and BILCON OF DELAWARE, INC.** hereby submit their Statement of Claim.

I. THE PARTIES

2. William Ralph Clayton, William Richard Clayton, Douglas Clayton, Daniel Clayton (collectively referred to as “the Claytons”) and Bilcon of Delaware, Inc. (“Bilcon”) are Investors of the United States of America pursuant to NAFTA Article 1139. Each of the Claytons are individual Investors, while Bilcon is a limited liability company incorporated under the laws of Delaware in the United States of America.¹
3. The addresses for the Investors are as follows:

William Ralph Clayton
P.O. Box 3015
Lakewood, NJ, 08701

William Richard Clayton
P.O. Box 3015
Lakewood, NJ, 08701

Douglas Clayton
P.O. Box 3015
Lakewood, NJ, 08701

Daniel Clayton
P.O. Box 3015
Lakewood, NJ, 08701

Bilcon of Delaware, Inc.
1355 Campus Parkway
Monmouth Shores Corporate Park
Neptune, NJ, 07753

¹ Certificate of Incorporation of Bilcon of Delaware, Inc., April 15, 2002, set out as Exhibit 1.

4. The Respondent, the government of Canada ("Canada"), is a Party to the North American Free Trade Agreement ("NAFTA"). Canada has acted through measures adopted and maintained by the federal government, as well as by the government of the province of Nova Scotia ("Nova Scotia"). Pursuant to NAFTA Article 105, Canada has assumed international responsibility for the measures taken by Nova Scotia.
5. The address for Canada is as follows:

Government of Canada
Office of the Deputy Attorney General of Canada
284 Wellington Street
Ottawa, ON K1A 0H8
Canada

II. PROCEDURAL HISTORY OF DISPUTE AND JURISDICTION

A. The Procedural History of This Dispute

6. On February 5, 2008, the Investors served upon Canada a Notice of Intent to Submit a Claim to Arbitration ("Notice of Intent") in accordance with NAFTA Article 1119. The Notice of Intent was delivered to Canada more than 90 days before the submission of this Claim.
7. This Claim arises out of discrete measures which affected the Investors, as well as measures that constitute a continuing breach of Canada's NAFTA obligations. Each day that some measures continued to be applied caused new damage to the Claytons and Bilcon and resulted in a NAFTA violation. Pursuant to NAFTA Article 1116, this Claim is submitted less than three years from the date the Investors first acquired, or should have acquired, knowledge of the breach, and knowledge that the Investors had incurred loss or damage. Pursuant to NAFTA Article 1120, the Investors submit this Claim more than six months since the events giving rise to this Claim have taken place.
8. On May 26, 2008, the Investors filed their Notice of Arbitration in this Claim. The Investors agreed with Canada on August 5, 2008, to make the effective filing date of the Notice of Arbitration June 17, 2008.

B. The Jurisdiction of This Tribunal

9. Sections A and B of NAFTA Chapter 11 contain the arbitration agreement between the disputing parties, in accordance with Article 18(1) of the UNCITRAL Arbitration Rules.
10. In Section B of NAFTA Chapter 11, Canada has extended an offer to arbitrate any dispute regarding its obligations under Section A to any investor of another NAFTA Party. The Investors accept Canada's offer by filing this Statement of Claim.
11. The Claytons are individual US citizen Investors. Bilcon is a limited liability company incorporated under the laws of Delaware. The Investors own and control investments in Canada through their ownership and control of Bilcon of Nova Scotia, an unlimited liability company incorporated under the laws of the province of Nova Scotia,² and a lease agreement entered by Bilcon of Nova Scotia for the property on which a quarry and marine terminal were to be developed.

III. STATEMENT OF FACTS

12. This Claim arises out of measures adopted and maintained by Canada and Nova Scotia. Under NAFTA Article 201, a "measure" includes "any law, regulation, procedure, requirement or practice."
13. The measures in question were applied through the environmental assessment of the Investors' proposed quarry and marine terminal to be developed at Whites Point, Nova Scotia ("Project").
14. Quarries in the province of Nova Scotia that are less than 4 hectares in size are not required to undergo environmental assessments, and are granted operating permits by the Nova Scotia Ministry of Environment and Labour ("NSEL") with particular terms and conditions, most of which are standardized. Quarries greater than 4 hectares, on the other hand, are required to undergo environmental assessments in accordance with the Nova Scotia *Environment Act* and *Environmental Assessment Regulations*. In addition, the federal *Canadian Environmental Assessment Act* is triggered if the project requires a federal permit or approval.

² See Bilcon of Nova Scotia's Memorandum of Association (Exhibit 2); the Articles of Association (Exhibit 3); Solicitor's Declaration (Exhibit 4); and List of Officers and Directors (Exhibit 5).

16. There are four general types of environmental assessment under the *Canadian Environmental Assessment Act*: (i) screenings; (ii) comprehensive studies; (iii) mediations and (iv) panel reviews. While screening studies are the least onerous, panel reviews are the most involved. Where a project is sent to a panel review, and that project involves matters of both federal and provincial jurisdiction, then the federal and provincial governments may agree to enter into a co-ordinated federal and provincial environmental assessment process (“Joint Panel Review”).
17. A Joint Panel Review is conducted by a panel (“Joint Panel”) comprised of three individuals with expertise in the particular environmental areas of concern. In conducting its review, a Joint Panel must follow its Terms of Reference, and respect any applicable rules, policies, guidelines and procedures. The Terms of Reference are set through an *Agreement Concerning the Establishment of a Joint Review Panel*.
18. In April 2002, the Investor’s predecessors in interest received a permit from NSEL to operate a 3.9 hectare basalt quarry at Whites Point, Nova Scotia.
19. In May 2002, the Investors, through Bilcon of Nova Scotia applied for a permit to expand the quarry and build a marine terminal.
20. In June 2003, the Minister of Fisheries and Oceans referred the Investors’ proposed quarry and marine terminal at Whites Point to the federal Minister of the Environment for referral to a review panel under the *Canadian Environmental Assessment Act*. Shortly thereafter, the environmental assessment for the Project was referred to a Joint Panel Review.
21. On October 23, 2008, the Joint Panel issued the Joint Review Panel Report (“Final Report”). The Joint Panel recommended that the Project be rejected outright. The basis of the Joint Panel’s decision was that the Project would have a significant adverse effect on the “core values” of the surrounding communities, and that this adverse effect could not be mitigated.
22. Upon issuing its Final Report, the Joint Panel was required to forward it to the relevant federal and provincial Ministers. To address federal obligations, the Final Report was obliged to include the Joint Panel’s recommendations on all factors set out in section 16 of the *Canadian Environmental Assessment Act*.
23. On receipt of the Final Report, the federal Minister and other federal decision-makers were required to take a course of action consistent with the terms of section 37 of the *Canadian Environmental Assessment Act*. Under the *Canadian Environmental Assessment Act*, a federal decision-maker has two options, depending on specific

- circumstances set out in the Act: (i) to make the federal decision(s) or issue the federal approval(s) required by the project; or (ii) to refuse to make any federal decision or issue any federal approval that would allow the project to proceed.
24. On receipt of the Final Report, the provincial Minister was subject to different legal obligations, namely to either (i) accept the recommendation of the Joint Panel; or (ii) reject the recommendations of the Joint Panel.
25. In November 2007, the Minister of NSEL rejected the Investor's project. The federal Governor General in Council rejected the Project in December 2007.
26. Over the course of the Investors' attempts to obtain approval for the Project, Canada subjected them to measures through at least the following organs:
- a. The Canadian Environmental Assessment Agency, which is responsible for the *Canadian Environmental Assessment Act*, and the laws, regulations, rules, procedures and guidelines pursuant thereto.
 - b. Environment Canada, which is responsible for, *inter alia*, the *Canadian Environmental Assessment Act*, and the regulations thereunder, as well as the *Species at Risk Act*. The *Canadian Environmental Assessment Act* and its associated regulations lay out the types of environmental assessments a project can undergo, the conditions that determine the type of environmental assessment to be used, and the requirements of each environmental assessment process.
 - c. Fisheries and Oceans Canada ("DFO"), which is responsible for, *inter alia*, the administration of the *Fisheries Act*. The *Fisheries Act* prohibits the destruction of fish by any means other than fishing, as well as the harmful alteration, disruption or destruction of fish habitat, except under certain conditions that may be specified by the Minister of Fisheries and Oceans.
 - d. Transport Canada, which is responsible for granting approvals under the *Navigable Waters Protection Act* when a project is proposed to be built or placed in, on, over, under, through or across any navigable water.
 - e. Natural Resources Canada, which is responsible for, *inter alia*, the *Explosives Act* and the regulations thereunder, including the *Amonium Nitrate and Fuel Oil Order* and the *Explosives Regulations*.
 - f. Health Canada, which is partly responsible for the *Canadian Environmental Protection Act*, and the regulations thereunder.

- g. The Joint Panel responsible for conducting the Joint Panel Review of the Project. The Joint Panel was formed by agreement between Canada and Nova Scotia, and was charged with the task of conducting the environmental assessment and recommending to the federal Minister of Environment and the provincial Minister of NSEL whether to approve the Project.
27. In addition, Nova Scotia took measures through at least the following organs:
- a. The NSEL, which is responsible for the Nova Scotia *Environment Act*, and the regulations and guidelines thereunder, including the Nova Scotia *Environmental Assessment Regulations* and the *Pit and Quarry Guidelines*.
 - b. The Nova Scotia Department of Natural Resources (“NSDNR”) which is responsible for the *Wildlife Act*, and other legislation.
 - c. The Nova Scotia Department of Transportation and Public Works (“NSDTPW”) – now called the Department of Transportation and Infrastructure Renewal – which is responsible for the *Public Highways Act*.
 - d. The Nova Scotia Department of Tourism, Culture and Heritage, which is responsible for the Nova Scotia *Cemeteries Protection Act*.
 - e. The Joint Panel responsible for conducting the Joint Panel Review of the Project.
28. The governmental measures at issue in this claim all relate directly to the Investors’ application for a permit to construct and operate a quarry and marine terminal at Whites Point, and the environmental assessment process this Project was required to undergo.
29. Although the array of measures to which Canada subjected the Investors and their investments may seem discrete and unconnected, taken together they comprise a contiguous whole which comprised the overall environmental review process. While some – though not all – of the measures started more than three years prior to the filing of this Claim, these measures must be seen as part of the larger process. The environmental assessment review process was unusually and unduly lengthy, and did not come to an end until the last of the relevant governmental authorities finally rejected the Project in December 2007.
30. To the extent that any of the measures to which Canada subjected the Investors started three years prior to the filing of this Claim, such measures nonetheless properly fall within the three year limitation period of NAFTA Article 1116(2), since Canada continued to subject the Investors to these measures into the limitation period.

IV. NAFTA OBLIGATIONS BREACHED BY CANADA

31. The Investors claim that Canada has breached its obligations under Section A of Chapter 11 of the NAFTA, including, but not limited to, the following provisions:
- a. Article 1102 - National Treatment
 - b. Article 1105 - International Law Standards of Treatment
 - c. Article 1103 - Most Favored Nation Treatment
- A. National Treatment**
32. NAFTA Article 1102 obliges the NAFTA Parties to treat investors from other NAFTA Parties and their investments as favorably as domestic investors and their investments. The analysis of the national treatment obligation can be segregated into three elements:
- a. A determination that the foreign investors or investments are in like circumstances with local investors or investments;
 - b. A determination that the NAFTA Party treats the foreign investors or investments less favorably than it treats local investors or investments; and
 - c. A determination that the treatment is with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
33. The Investors were treated less favorably than Canadian investors in like circumstances in at least two respects:
- a. First, the initial permit granted by NSEL for a 3.9 hectare quarry came with terms and conditions unlike those that were granted to similar quarries in the immediate area;
 - b. Second, the type of environmental assessment that the proposed larger quarry and marine terminal were required to undergo was more onerous than the types of environmental assessments other Canadian investors with applications for large industrial projects have had to undergo. While the Project was subject to a Joint Panel Review, other applications by large Canadian owned quarries with marine terminals have had to undergo less onerous types of environmental assessment.

34. Each of the ways in which Canada and Nova Scotia treated the Investors and their Investments less favorably than other Canadian investors in like circumstances constitutes a violation of NAFTA Article 1102.

B. International Law Standard of Treatment

35. NAFTA Article 1105(1) sets out the international law standard of treatment that a NAFTA Party is obliged to accord investments and investors of another NAFTA Party.
36. Canada and Nova Scotia treated the Investors in an unfair, arbitrary and discriminatory manner in a number of respects. These include, but are not necessarily limited to, the following:
- a. First, the DFO – which had the authority to grant approval of the Investors’ blasting plan under the initial 3.9 hectare quarry permit – unilaterally expanded the terms and conditions of the quarry permit, unduly stalled test blasts on the initial quarry site after the application had been expanded and put under environmental review, established unreasonable conditions for fish habitat compensation, and set arbitrary and unfounded criteria for the approval of test blasts for the purposes of the environmental assessment.
 - b. Second, NSDTPW failed to act reasonably in tendering offers from the Investors to purchase a public road that would have facilitated the expanded quarry to move forward. NSDTPW refused to sell the road when it would have clearly been in its best interest to do so. This refusal was motivated by political bias against the Project, rather than government policy or rational decision making criteria of any kind.
 - c. Third, the process by which governmental authorities conducted the environmental assessment was *ad hoc*, non-transparent, and in numerous respects violated rules, regulations, procedures and guidelines governing environmental assessments. By consequence, the overall process was highly irregular and unduly time-consuming. The amount of time the process took greatly exceeded the maximum time limit allowed for such environmental assessments.
 - d. Fourth, in coming to its decision the Joint Panel completely disregarded the analytical decision-making framework that environmental review panels of this nature are required to follow. The Joint Panel decision itself was based on criteria that are not properly included as part of environmental assessments. The Investors were given no prior notice that the Joint Panel would be relying upon such criteria.

37. Each of the ways in which Canada and the province of Nova Scotia treated the Investors' Investments in such unfair, arbitrary and discriminatory ways constitutes a violation of NAFTA Article 1105.

C. Most Favored Nation Treatment

38. Under NAFTA Article 1103, Canada is required to accord the Investors and their Investments treatment no less favorable than that provided to foreign investors or investments under other international agreements to which Canada is a party. Canada has failed to meet this obligation.

V. DAMAGES

39. The effects of these measures on the Investors include, but are not limited to, the following:
- a. The Investors have suffered in excess of US C-1(b)(i) in connection with expenses incurred over more than five years on their application for a permit to build and operate the quarry and marine terminal at Whites Point;
 - b. The Investors have been deprived of a vital source of basalt aggregate to supply their business operations in the United States. Due to the resulting loss of the supply of basalt, the Investors have experienced a major strategic disadvantage, as the supply of aggregate in the Investors' markets has become consolidated in ever-fewer hands over the course of the environmental assessment process. As a result of this strategic disadvantage, Bilcon may be forced to satisfy market demand at much greater cost.

VI. POINTS AT ISSUE

40. Has Canada taken measures inconsistent with its obligations under Articles 1102, 1105, or 1103 of the NAFTA?
41. If the answer to the above question is yes, what is the quantum of compensation to be paid to the Investors as a result of the failure by Canada to comply with its obligations under Chapter 11 of the NAFTA?

VII. RELIEF SOUGHT

42. The Investors claim damages as follows:
- a. Damages not less than US \$101 million as compensation for the damages caused by or arising out of Canada's measures that are inconsistent with its obligations contained in Part A of Chapter 11 of the NAFTA;
 - b. Costs associated with these proceedings, including all professional fees and disbursements;
 - c. Fees and expenses incurred to mitigate the effect of the measures;
 - d. Pre-award and post-award interest at a rate to be fixed by the Tribunal adjudicating this claim;
 - e. Tax consequences of the award to maintain the integrity of the award; and
 - f. Such further relief that counsel may advise and that the Tribunal adjudicating this claim may deem appropriate.

DATE OF ISSUE: January 30, 2009

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Canada

Public Access Information

EXHIBIT 1

Public Access Information

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 04/15/2002
020238148 - 3513913

CERTIFICATE OF INCORPORATION

FIRST: The name of this corporation shall be BILCON OF DELAWARE, INC.

SECOND: Its registered office in the State of Delaware is to be located at 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle and its registered agent at such address is CORPORATION SERVICE COMPANY.

THIRD: The purpose or purposes of the corporation shall be:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of stock which this corporation is authorized to issue is One Thousand (1,000) shares of Common Stock, no par value per share.


FIFTH: The name and address of the incorporator is as follows:

M. A. Brzoska
Corporation Service Company
2711 Centerville Road
Suite 400
Wilmington, Delaware 19808

SIXTH: The Board of Directors shall have the power to adopt, amend or repeal the by-laws.

SEVENTH: No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law, (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article Seventh shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

IN WITNESS WHEREOF, the undersigned, being the incorporator herein before named, has executed signed and acknowledged this certificate of incorporation this 15th day of April, A. D. 2002.


M. A. Brzoska
Incorporator

000453

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City of Wilmington
County of New Castle
Dated: April 15, 2002

ORGANIZATION ACTION IN WRITING OF INCORPORATOR

OF

BILCON OF DELAWARE, INC.

(Organized April 15, 2002)

The following action is taken this day through this instrument by the incorporator of the above corporation:

1. The election of the following person[s] to serve as the director[s] of the corporation until the first annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal:

DOUGLAS R. CLAYTON

WILLIAM R. CLAYTON

DANIEL O. CLAYTON

Corporation Service Company, Incorporator

M. A. Brzoska
M. A. Brzoska, Incorporator

000454

EXHIBIT 2

IN THE MATTER OF
THE COMPANIES ACT

MEMORANDUM OF ASSOCIATION

1. The name of the Company is BILCON OF NOVA SCOTIA, CORPORATION
2. There are no restrictions on the objects and powers of the Company.
3. Pursuant to subsection (11) of Section 26 of the *Companies Act*, with the intention that subsection (9) of Section 26 not apply to the Company, the following powers are hereby expressly conferred upon the Company:

The Company shall have the power to:

- (a) sell or dispose of its undertaking or a substantial part thereof;
 - (b) distribute any of its property in specie among its members; and
 - (c) amalgamate with any company or other body of persons.
4. The liability of the members is unlimited.

I, the undersigned subscriber, whose name and address is subscribed, am desirous of being formed into a company in pursuance of this Memorandum of Association and agree to take the number and kind of shares in the capital stock of the Company set opposite my name.

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NAME	ADDRESS AND OCCUPATION OF SUBSCRIBER	NUMBER AND KIND OF SHARES TAKEN BY SUBSCRIBER
3066313 Nova Scotia Limited, by its representative, Debbie J. Tibbo	President & Secretary 10 Church Street P.O. Box 1068 Truro, NS B2N 5B9	One (1) Common share without nominal or par value

Debbie J. Tibbo

TOTAL SHARES TAKEN: One (1) Common share without nominal or par value

DATED this 24th day of April, 2001.

Pamela Christie

(Witness)

10 Church St.

P.O. Box 1068

Truro, NS B2N 5B9

EXHIBIT 3

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000845

ARTICLES OF ASSOCIATION
OF
BILCON OF NOVA SCOTIA, CORPORATION

INTERPRETATION

- 1.
- (1) In these Articles unless there be something in the subject or context inconsistent therewith:
 - (a) "the Act" means the Companies Act of Nova Scotia and all amendments thereto;
 - (b) "these Articles" and "these presents" includes these Articles of Association and all amendments thereto;
 - (c) "Auditor" includes a partnership of auditors;
 - (d) "the Commission" means the Nova Scotia Securities Commission;
 - (e) "the Company" means the Company named above;
 - (f) "the Directors" or "the Board" means the directors of the Company for the time being;
 - (g) "dividend" includes a stock dividend and a dividend in cash or in kind;
 - (h) "member" means any member of the Company for the time being as such term is used in the Act;
 - (i) "month" means calendar month;
 - (j) "the Office" means the registered office for the time being of the Company;
 - (k) "Person" and "person" includes any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator, or other legal representative;

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- (l) "proxyholder" includes an alternate proxyholder;
 - (m) "the Register" means the register of members kept pursuant to the Act and includes any branch register of such members;
 - (n) "the Registrar" means the Registrar of Joint Stock Companies for the time being;
 - (o) "reporting company" and "reporting issuer" shall have the meanings prescribed by the Act;
 - (p) "Secretary" includes any person appointed to perform the duties of the Secretary temporarily;
 - (q) "the Securities Act" means the *Securities Act* of Nova Scotia and all amendments thereto;
 - (r) "Shareholders" means the members of the Company for the time being;
 - (s) "Shareholders Agreement" means any agreement referenced in Article 169 herein;
 - (t) "shares" means any shares in the capital of the Company, including any common and preferred shares;
 - (u) "Special resolution" has the meaning assigned by the Act;
 - (v) "Voting securities" shall have the meaning prescribed by the Act;
 - (w) "in writing" and "written" includes printing, lithography and other modes of representing or reproducing words in visible form;
- (2) Words importing the singular number include the plural number and vice versa;
 - (3) Words importing the masculine gender include the feminine gender;
 - (4) Words importing persons include corporations; and
 - (5) Unless otherwise specified, all references to money amounts are to Canadian currency.

2. The regulations appearing in Table A in the First Schedule to the Act shall not apply to the Company.

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3. The Directors may, out of any moneys of the Company for the time being in their hands, pay all expenses incurred for the incorporation and organization of the Company, including the expenses of registration.

SHARES

4. The authorized capital of the Company consists of Ten Million (10,000,000) common shares without nominal or par value.

5. The Directors, subject to the provisions of these Articles and any Shareholders Agreement, shall control the shares and may allot or otherwise dispose of them to such persons, at such prices, at such times, on such terms and conditions and either at a premium or at par as they think fit.

6. On the issue of shares, the Company may arrange among the holders thereof differences in the calls to be paid and in the times for their payment.

7. If the whole or part of the allotment price of any shares is, by the conditions of their allotment, payable in instalments, every such instalment shall, when due, be payable to the Company by the person who is at such time the registered holder of the shares.

8. Shares may be registered in the names of joint holders not exceeding three in number.

9. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share. On the death of one or more joint holders of shares, the survivor or survivors of them shall alone be recognized by the Company as having title to the shares.

10. Save as herein provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or required by statute, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person.

CERTIFICATES

11. (1) Subject to the requirements of the Act, certificates of title to shares shall be in the following form or as near thereto as circumstances will permit, or in such other form as the Directors may from time to time approve.

This is to certify that _____ is the registered owner of _____ fully paid and non-assessable common shares of transferable only on the books of the Company (subject to the restrictions imposed by the

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Articles of Association of the Company) by the holder thereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed.

IN WITNESS WHEREOF the Company has caused this certificate to be signed by its duly authorized officers and to be sealed with the seal of the Company this _____ day of _____.

- (2) Certificates of title to shares shall be signed (i) by the President, a Vice-President or a Director, and (ii) by a Director, the Secretary or an Assistant Secretary, being a person other than one referred to in the immediately preceding Clause (i) unless the person is the sole Director or sole Officer of the Company, in which case that person may sign pursuant to Clauses (i) and (ii); or such other person as the Directors may authorize and, (iii) if the Directors have appointed a transfer agent and/or share registrar for the Company, by an authorized officer of such transfer agent and/or share registrar. The signature of the President or Vice-President and if a transfer agent and/or share registrar has been appointed and either one or both are required to sign manually, of the Secretary or Assistant Secretary may be engraved, lithographed or printed upon the certificates, or any one or more of them, and all such certificates when signed by the Secretary and Assistant Secretary or, if a transfer agent and/or share registrar has been appointed, an authorized officer of such transfer agent and/or share registrar, shall be valid and binding upon the Company. An engraved, lithographed or printed signature upon any certificate of title to shares shall for all purposes of these Articles be deemed to be the signature of the person whose signature it purports to be and notwithstanding that any person whose signature may appear on such certificate is not at the date thereof the President, Vice-President, the Secretary, Assistant Secretary or Director, as the case may be, of the Company, such certificate shall be valid and binding upon the Company.

12. Subject to any regulations made at any time by the Directors, each Shareholder may have title to the shares registered in his name evidenced by any number of certificates so long as the aggregate of the shares stipulated in such certificates equals the aggregate registered in his name.

13. Where shares are registered in the names of two or more persons the Company shall not be bound to issue more than one certificate or one set of certificates and such certificate or set of certificates shall be delivered to the person first named on the Register.

14. Any certificate that has become worn, damaged or defaced may, upon its surrender to the Directors, be cancelled and replaced by a new certificate. Any certificate that has become lost or destroyed may also be replaced by a new certificate upon proof of such loss or destruction to the satisfaction of the Directors and the furnishing to the Company of such undertakings of indemnity as the Directors deem adequate.

15. The sum of one dollar or such other sum as the Directors from time to time determine shall be paid to the Company for every certificate other than the first certificate issued to any holder in respect of any share or shares.
16. The Directors may cause one or more branch Registers of members to be kept in any place or places, whether inside or outside of Nova Scotia.

CALLS

17. The Directors may from time to time make such calls as they think fit upon the Shareholders in respect of all moneys unpaid on the shares held by them respectively and not made payable at fixed times by the conditions on which such shares were allotted and each Shareholder shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.
18. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.
19. At least fourteen days' notice of any call shall be given and such notice shall specify the time and place at which and the person to whom such call shall be paid.
20. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call has been made or the instalment is due shall pay interest on such call or instalment at the rate of ten per centum per annum from the day appointed for the payment thereof up to the time of actual payment.
21. At the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Shareholder sued is entered on the Register as the holder or one of the holders of the share or shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Shareholder sued in pursuance of these Articles. It shall not be necessary to prove the appointment of the Directors who made such call or any other matters whatsoever and the proof of the matters stipulated shall be conclusive evidence of the debt.
22. The Directors may, if they think fit, receive from any Shareholder willing to advance it, all or any part of the moneys due upon shares held by him beyond the sums actually called for; and, upon the moneys so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, not exceeding ten per centum per annum, as the Shareholder paying such sum in advance and the Directors agree upon, or the Directors may agree with such Shareholder that he may participate in profits upon the amount so paid or satisfied in advance.

FORFEITURE OF SHARES

23. If any Shareholder fails to pay any call or instalment on or before the day appointed for payment, the Directors may at any time thereafter while the call or instalment remains unpaid, serve a notice on such Shareholder requiring him to pay the call or instalment together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such nonpayment.

24. The notice shall name a day (not being less than fourteen days after the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses are to be paid. The notice shall also state that, in the event of nonpayment on or before the day and at the place or one of the places so named, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

25. If the requirements of any such notice are not complied with, any shares in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

26. When any share has been so forfeited, notice of the resolution shall be given to the Shareholder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall be made in the register.

27. Any share so forfeited shall be deemed the property of the Company provided that the Directors may not sell, re-allot or otherwise dispose of any shares so forfeited.

28. The Directors may at any time annul the forfeiture of any share so forfeited upon such conditions as they think fit.

29. Any Shareholder whose shares have been forfeited shall nevertheless be liable to pay and shall forthwith pay the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon at the rate of ten per centum per annum from the time of forfeiture until payment. The Directors may enforce such payment if they think fit but are under no obligation to do so.

30. A certificate in writing under the hands of one of the Directors and countersigned by the Secretary stating that a share has been duly forfeited on the specified date in pursuance of these Articles and the time when it was forfeited shall be conclusive evidence of the facts therein stated as against all persons who would have been entitled to the share but for such forfeiture.

LIEN ON SHARES

31. The Company shall have a first and paramount lien upon all shares (other than fully paid up shares) registered in the name of each Shareholder (whether solely or jointly with others) and upon the proceeds from the sale thereof for his debts, liabilities and other engagements, solely or jointly with any other person, to or with the Company, whether or not the period for the payment, fulfillment or discharge thereof has actually arrived, and such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of any lien of the Company on such shares.

32. For the purpose of enforcing such lien the Directors may sell the shares subject to it in such manner as they think fit; but no sale shall be made until the period for the payment, fulfillment or discharge of such debts, liabilities or other engagements has arrived and until notice in writing of the intention to sell has been given to such Shareholder, his executors or administrators and default has been made by him or them in such payment, fulfillment or discharge for seven days after such notice.

33. The net proceeds of any such sale after the payment of all costs shall be applied in or towards the satisfaction of such debts, liabilities or engagements and the residue, if any, shall be paid to such Shareholder or his executors, administrators or assigns.

VALIDITY OF SALES

34. Upon any sale after the enforcing of a lien in purported exercise of the powers given by these Articles, the Directors may cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

PRIVATE COMPANY STATUS

35. The Company is a private company and:

- (1) No transfer of shares or other prescribed securities shall be registered unless and until the Directors have by a resolution approved the transfer of such securities and the registration of the transfer and, subject to this Article, the Directors shall be under no obligation to give such approval or to give any reason for withholding the same. The Directors shall by a resolution approve the transfer of any prescribed securities where such transfer is in compliance with any Shareholders Agreement. If the Directors fail to approve any such transfer, the Shareholders shall be entitled and authorized to approve and effect such transfer.

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- (2) The number of holders of issued and outstanding prescribed securities or shares of the Company shall not exceed fifty (50) in number.
- (3) Any invitation to the public to subscribe for any of the Company's securities is prohibited. The Company shall not distribute any of its shares, prescribed securities or securities convertible into or exchangeable for prescribed securities to the public.
- (4) In this Article, "prescribed securities" means prescribed securities within the meaning of the definition of "private company" contained in the Securities Act and "distribute", "private company" and "securities" have the meanings ascribed to those terms in the Securities Act.

TRANSFER OF SHARES

36. The instrument of transfer of any share in the Company shall be signed by the transferor. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof and shall be entitled to receive any dividend declared thereon before the registration of the transfer.

37. The instrument of transfer of any share shall be in writing:

- (1) in the following form;
- (2) in a form as near as circumstances permit to the following form;
- (3) in such form as may be approved by the Directors; or
- (4) in such form as may be approved by the members who are the holders of more than fifty percent (50%) of the shares entitled to vote at an ordinary general meeting of the Company:

For value received _____ hereby sells, assigns and transfers unto _____ shares of the capital stock of the Company represented by the within certificate and does hereby irrevocably constitute and appoint _____ Attorney to transfer such stock on the books of the Company with full power of substitution in the premises.

Dated this _____ day of _____, _____.

In the Presence of

Witness

38. The transfer of any share in the Company must be authorized by the Directors and, where applicable, the Directors shall not authorize any such transfer without evidence, satisfactory in the opinion of the Directors, of compliance with the terms of any Shareholders Agreement as provided for by Article 169 herein. The Directors shall authorize any transfer where such transfer is in compliance with any Shareholders Agreement. If the Directors fail to approve any such transfer, the Shareholders shall be entitled and authorized to approve and effect such permitted transfer.

39. Every instrument of transfer shall be left at the office of the Company or its transfer agent where the principal or a branch Register of members is maintained for registration together with the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

40. A fee not exceeding five dollars (\$5.00) may be charged for each transfer and shall, if required by the Directors, be paid before its registration.

41. Every instrument of transfer shall after its registration, remain in the custody of the Company. Any instrument of transfer that the Directors decline to register shall, except in case of fraud, be returned to the person who deposited it.

TRANSMISSION OF SHARES

42. The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member. When a share is registered in the names of two or more joint holders, the survivor or survivors or the executors or administrators of the deceased survivor shall be the only persons recognized by the Company as having any title to or interest in such share.

43.

- (1) Any person becoming entitled to shares in consequence of the death or bankruptcy of any member or in any way other than by allotment or transfer upon producing such evidence of his being entitled to act in the capacity claimed or of his title as the Directors think sufficient, may, with the consent of the Directors (which they shall not be under any obligation to give) be registered as a member in respect of such shares, or may, without being registered, transfer such shares subject to the provisions of these Articles respecting the transfer of shares. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares, or his nominee, as if he were the transferee named in an ordinary transfer presented for registration.
- (2) Notwithstanding anything in these Articles, if the Company has only one member (not being one of several joint holders) and that member dies, then the executors or administrators of such deceased member shall be entitled to register themselves

in the register of members as the holders of such deceased member's share whereupon they shall have all the rights given by these Articles and law to members.

INCREASE AND REDUCTION OF CAPITAL

44. The Company may from time to time, by special resolution amend these Articles to increase its capital by the creation of new shares of such amount as it thinks expedient.

45. The new shares may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Company in general meeting determines or, if no direction is given, as the Directors determine, and in particular (but without limiting the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and to the assets of the Company upon distribution and with a special or without any right of voting.

46. The Company in general meeting may, before the issue of any new shares, determine that such shares or any of them, shall be offered in the first instance to all the then members or to the members of any class of Shareholders in proportion to the amount of the capital held by them, or make any other provisions as to the issue and allotment of such shares. In default of any such determination or to the extent that it does not apply, the new shares may be dealt with as if they formed part of the shares in the original capital.

47. Except so far as otherwise provided by the conditions of issue or these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to payment of calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

48. The Company may from time to time by special resolution reduce its share capital and any capital redemption reserve fund in any way and with and subject to any incident authorized and consent required by law.

49. Articles 44 to 48 inclusive shall be subject to such restrictions as are contained in these Articles, and where and to the extent that subsection 12(1) of the Third Schedule to the Act applies to any action proposed to be taken by the Company pursuant to Articles 44 to 48 inclusive, such action shall be subject to the additional approvals required by that subsection and those Articles shall not apply to limit the application of that subsection.

CLASSES OF SHARES

50.

- (1) Subject to the provisions of these Articles, any share may be issued with such preferred, deferred or other special rights or with such restrictions, whether in regards to dividends, voting, return of share capital or otherwise, as the Company may from time to time determine by special resolution.
- (2) Any preference shares may, with the sanction of a special resolution of the Company, be issued on the terms that they are, at the option of the Company, liable to be redeemed or purchased by the Company.
- (3) Any action proposed to be taken by the Company pursuant to this Article shall be subject to such restrictions as are contained herein, and where and to the extent that subsection 12(1) of the Third Schedule to the Act applies to such action, be subject to the additional approvals required by that subsection and this Article shall not apply to limit the application of that subsection.
- (4) The holders of shares in the Company of any class which are not expressly entitled to vote separately as a class or dissent upon a proposal to amend the memorandum of association or articles of association of the Company by the express terms and conditions attaching to such class shall not be entitled to vote separately as a class or dissent upon a proposal to amend the memorandum of association or the articles of association of the Company to:
 - (a) increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class;
 - (b) effect an exchange, reclassification or cancellation of all or part of the shares of such class; or
 - (c) create a new class of shares equal or superior to the shares of such class.

SURRENDER OF SHARES

51. The Directors may accept the surrender of any share by way of compromise of any question as to the holder being properly registered in respect thereof. Any share so surrendered shall be cancelled.

BORROWING POWERS

52. Subject to such restrictions as contained herein, the Directors on behalf of the Company may from to time in their discretion:

- (1) raise or borrow money for the purpose of the Company or any of them;
- (2) secure the repayment of moneys so raised or borrowed in such manner and upon such terms and conditions in all respects as they think fit and, in particular, by the execution and delivery of mortgages of the Company's real or personal property, or by the issue of bonds, debentures or debenture stock of the Company secured by mortgage or other charge upon all or any part of the property of the Company, both present and future, including its uncalled capital for the time being;
- (3) sign or endorse bills, notes, acceptances, cheques, contracts and other evidence of or securities for money borrowed or to be borrowed for the purposes aforesaid;
- (4) pledge debentures as security for loans;
- (5) guarantee obligations of any Person.

53. Bonds, debentures and other debt securities may be made assignable, free from any equities between the Company and the person to whom such securities were issued.

54. Any bonds, debentures and other securities may be issued at a discount, premium or otherwise and with special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and other matters.

SHAREHOLDERS RESOLUTIONS

55.

- (1) A resolution, including a special resolution, in writing and signed by every Shareholder who would be entitled to vote on the resolution at a meeting is as valid as if it was passed by such Shareholders at a meeting and satisfied all the requirements of the Act respecting meetings of Shareholders. Any such resolution may be signed in counterpart.
- (2) A copy of every resolution referred to in subsection (1) shall be kept with the minutes of proceedings of Shareholders.

MEETINGS

56. Ordinary general meetings shall be held at least once in every calendar year at such time and place, either within Nova Scotia or without, as may be determined by the Directors and not later than fifteen months after the preceding ordinary general meeting. All other meetings of the Company shall be called special general meetings.

57. The Directors may, whenever they think fit, convene a special general meeting and they shall, on the requisition of members of the Company holding not less than five percent (5%) of the shares of the Company carrying the right to vote at the meeting sought to be held, forthwith proceed to convene a special general meeting of the Company to be held at such time and place, either within Nova Scotia or without, as may be determined by the Directors.

58. The requisition shall state the objects of the meeting requested, be signed by the members making it and deposited at the registered office of the Company. It may consist of several documents in like form each signed by one or more of the requisitionists.

59. If the Directors do not proceed to cause a meeting to be held within thirty (30) days from the date that the requisition is so deposited, the requisitionist, or a majority of them in value, may themselves convene a meeting, provided it is held within ninety (90) days after the date of the deposit of the requisition.

60. If at any such meeting a resolution requiring confirmation at another meeting is passed, the Directors shall forthwith convene a further special general meeting for the purpose of considering such resolution and, if thought fit, of confirming it as a special resolution; and, if the Directors do not convene the meeting within seven (7) days from the date of the passing of the first resolution, the requisitionists, or a majority of them in value, may themselves convene the meeting.

61. Such meetings shall be convened as nearly as possible as meetings are to be convened by the Directors.

62. At least seven (7) clear days notice of every general meeting shall be given, except in the case of general meetings where subsections 12(1) or (2) of the Third Schedule to the Act apply, then at least twenty-one clear days' notice shall be given specifying the place, day and hour of the meeting and, when special business is to be considered, the general nature of such business, shall be given to the members entitled to be present at such meeting by notice sent by post or otherwise. With the consent in writing of all members entitled to vote at such meeting, a meeting may be convened if all the members are present at a meeting either in person or by proxy or if those absent have signified their assent to such meeting or their consent to the business transacted at such meeting and notice, however given, shall be adequate if all those present waive further notice of the time, place and purpose of the meeting.

63. When it is proposed to pass a special resolution, the two meetings may be convened by the same notice and it shall be no objection to such notice that it only convenes the

second meeting contingently upon the resolution being passed by the requisite majority at the first meeting.

64. The accidental omission to give any such notice to any of the members or the failure of any Shareholder to receive such notice shall not invalidate any resolution passed at any such meeting.

PROCEEDINGS AT GENERAL MEETINGS

65. Subject to such restrictions contained herein, and any Shareholders Agreement, the business of any ordinary general meeting shall be:

- (1) to receive and consider the financial statements of the Company, the reports of the Directors and of the auditors, if any;
- (2) to elect Directors;
- (3) to transact any other business which, under these Articles, may be transacted at an ordinary general meeting;
- (4) to transact, if proper notice and a description of the general nature of such business is given, any business which may be transacted at a special general meeting.

66. No business shall be transacted at any general meeting unless the quorum requisite is present at the commencement of the business. A corporation that is a member of the Company and has a duly authorized agent or representative present at any such meeting shall for the purpose of this Article be deemed to be personally present at such meeting.

67. One member personally present and entitled to vote shall be a quorum for a general meeting for the choice of a chairman and the adjournment of the meeting. The quorum for a general meeting shall be members personally present and entitled to vote and holding or representing by proxy not less than fifty-one percent (51%) of the issued shares of the Company as confer upon the holder thereof the right to vote at such meeting, except if an ordinary general meeting (the "First Meeting") has been duly called and a quorum was not present thereat, then if a further ordinary general meeting (the "Second Meeting") is duly called to be held on a day for which the First Meeting was called, the quorum for the Second Meeting shall be members personally present and entitled to vote and holding or representing by proxy not less than one-tenth in number of such of the issued shares of the Company as confer upon the holder thereof the right to vote at such meeting.

68. The Chairman of the Board shall be entitled to take the chair at every general meeting or, if there be no Chairman of the Board, or if he is not present within fifteen minutes after the time appointed for holding the meeting, the President, or failing him, a Vice-President shall be entitled to take the chair. If the Chairman, the President or a Vice-President is not

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present within fifteen minutes after the time appointed for holding the meeting, the members present entitled to vote at the meeting shall choose another Director as chairman and, if no Director is present or if all the Directors present decline to take the chair, then the members present entitled to vote shall choose one of their number to be chairman.

69. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if it was convened pursuant to a requisition, under Articles 57-61, shall be dissolved; if it was convened in any other way, it shall stand adjourned to the same day, in the next week, at the same time and place. If at such adjourned meeting a quorum is not present, those members entitled to vote who are present shall be a quorum and may transact the business for which the meeting was called.

70. At any general meeting a resolution put to the meeting shall be decided by show of hands unless, either before or on the declaration of the result of the show of hands, a poll is demanded by (i) the chairman or (ii) a proxyholder or a member holding shares of the Company that confer upon their holder the right to vote at the meeting.

71. When a resolution is decided by a show of hands, a declaration by the chairman that a resolution has been carried, carried by a particular majority, lost or not carried by a particular majority and an entry to that effect in the Company's book of proceedings shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

72. When a poll is demanded, it shall be taken in such manner at such time and place as the chairman of the meeting directs, and either at once or after an interval of adjournment or otherwise. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn. When any dispute occurs over the admission or rejection of a vote, it shall be resolved by the chairman and such determination made in good faith shall be final and conclusive.

73. Where there is an equality of votes, either on the show of hands or on a poll, the chairman shall not have a casting vote in addition to the vote or votes he has as a member.

74. The chairman of a general meeting may, with the consent of a majority of the members present, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting that was adjourned.

75. Any poll demanded on the election of a chairman of a meeting or any question of adjournment shall be taken at the meeting without adjournment.

76. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

VOTES OF MEMBERS

77.

- (1) Subject to the Act and the provisions applicable to any shares issued under conditions limiting or excluding the right of holders thereof to vote at general meetings, on a show of hands every member present in person and every proxyholder shall, subject to the Act, have one vote, and upon a poll every member present in person or by proxy shall have one vote for every share held by him.
- (2) Where a corporation being a member is represented by a proxyholder who is not a member or by a representative duly authorized under the Act, such proxyholder or representative shall be entitled to vote for such corporation either on a show of hands or at a poll.

78. Any person entitled under Article 43 to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares so long as he, at least forty-eight hours (excluding Saturdays and holidays) before the time of holding the meeting or adjourned meeting at which he proposes to vote, satisfies the Directors of his right to transfer such shares.

79. Where there are joint registered holders of any share, any one of such persons may vote such share at any meeting, either personally or by proxy, as if he were solely entitled to it. If more than one of such joint holders is present at any meeting, personally or by proxy, the one whose name stands first on the register in respect of such share shall alone be entitled to vote it. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

80. Votes may be cast either personally or by proxy or, in the case of a corporation, by a representative duly authorized under the Act.

81. A proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if such appointer is a corporation, under its common seal or the hand of its attorney or representative authorized in the manner referred to in the Act.

82. The Directors may from time to time make regulations regarding the lodging of proxies at some place other than the place at which a meeting or adjourned meeting of members is to be held and for particulars of such proxies to be cabled or telegraphed or sent by telex or sent by facsimile transmission or in writing before the meeting or adjourned meeting to the Company or any agent of the Company for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. The chairman of any meeting of members may, subject to any regulation made as aforesaid, in his discretion accept telegraphic or cable or telex or facsimile transmission or written communication from the appointer or his lawful attorney as to the authority of any persons claiming to vote on behalf of and to represent a member

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notwithstanding that no proxies conferring such authority have been lodged with the Company and any votes given in accordance with such telegraphic or cable or telex or facsimile transmission or written communication accepted by the chairman of the meeting shall be valid and shall be counted.

83. A member of unsound mind in respect of whom an order has been made by any court having jurisdiction in lunacy may vote by his guardian or other person in the nature of a guardian appointed by that court and any such guardian or other person may vote by proxy.

84.

(1) A proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not less than forty-eight hours excluding Saturdays and holidays before the meeting or adjourned meeting at which it is to be voted unless the Directors, by resolution, determine otherwise. Notice of the requirement for depositing proxies shall be given in the notice calling the meeting.

(2) A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death of the principal, the revocation of the proxy, or the transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer is received at the office of the Company before the meeting or by the chairman of the meeting before the vote is given.

85. Every form of proxy when the Company is not a reporting issuer, whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form or to the effect following; or in such other form as the Directors may from time to time determine which complies with the regulations made pursuant to the Act:

I _____ of _____, in the County of _____ being a member of _____, hereby appoint _____ of (or failing him _____ of _____ or failing him _____ of _____) as my proxy to attend and vote for me and on my behalf at the ordinary general (or special general as the case may be) meeting of the Company, to be held on the _____ day of _____ and at any adjournment thereof, or at any meeting of the Company which may be held within _____ months from the date thereof.

[a statement as to whether or not the proxy is solicited by or on behalf of management of the Company]

As witness my hand this _____ day of _____, _____.

Witness _____

Shareholder _____

86. No member shall be entitled to be present or to vote on any question, either personally or by proxy or as proxy for another member, at any general meeting or upon a poll, or be reckoned in a quorum whilst any call or other sum is due and payable to the Company in respect of any of the shares of such member.

87. Where the Company has only one member, all business which the Company may transact at ordinary or special general meetings of members shall be transacted in the manner specified in Article 55.

DIRECTORS

88. Subject to any Shareholders Agreement and these Articles, unless otherwise determined by general meeting, the number of Directors shall not be less than one or more than ten. At any time prior to the vote being taken respecting the election of Directors, subject to these Articles, the meeting may determine the number of Directors to be elected thereat provided that the number so determined shall not be deemed to be a variation in the maximum number of Directors permitted in the Articles unless specifically otherwise determined.

89. Notwithstanding anything herein contained the subscribers to the Memorandum of Association of the Company shall be the first Directors of the Company.

90. The Directors shall have power at any time from time to time to appoint any other person as a Director so long as the total number of Directors does not at any time exceed the maximum permitted. No such appointment shall be effective unless approved by such Person as is entitled to nominate such Director pursuant to any Shareholders Agreement, if applicable.

91. Notwithstanding anything else herein contained a Director may but need not be a member.

92. A Director may retire from office upon lodging at the Registered Office of the Company his written resignation, which resignation shall become effective in accordance with its terms.

93. The Directors shall be paid out of the funds of the Company as remuneration for their service such sums, if any, as the Company in general meeting may determine and such remuneration shall be divided among them in such proportions and manner as the Directors determine. The Directors may also be paid their reasonable travelling, hotel and other expenses incurred in attending Board meetings and the execution of their duties as Directors.

94. The continuing Directors may act notwithstanding any vacancy in their body, but if the number falls below the minimum permitted, the Directors shall not, except in emergencies or for the purpose of filling up vacancies, act so long as the number is below the minimum.

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95. A Director may, in conjunction with the office of Directors, and on such terms as to remuneration and otherwise as the Directors arrange or determine, hold any other office or place of profit under the Company or under any company in which the Company is a shareholder or is otherwise interested.

96. The office of a Director shall ipso facto be vacated:

- (1) if he becomes bankrupt, makes an authorized assignment, suspends payment or compounds with his creditors; or
- (2) if he is found by a court of competent jurisdiction to be of unsound mind; or
- (3) if by notice in writing to the Company he resigns his office of director; or
- (4) if he is removed by special resolution.

97. No Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser, or otherwise, nor shall any such contract, or any contract or arrangement entered into or proposed to be entered into by or on behalf of the Company in which any Director is in any way interested, either directly or indirectly, be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established. However, the existence and nature of his interest must be declared by him at a meeting of the Directors of the Company. In the case of a proposed contract such Director shall declare his interest at the meeting of Directors at which the question is first taken into consideration, or if he was not then interested, at the next meeting held after he became so interested, and when he becomes interested after it is made, he shall declare his interest at the first meeting held after he becomes so interested. A general notice given to the Directors by a Director that he is a member, Shareholder or Director of any specified firm or company shall be deemed to be a sufficient declaration under this Article and no further or other notice shall be required. No Director shall as a Director vote in respect of any contract or arrangement in which he is so interested, and if he does vote, his vote shall not be counted. This prohibition may at any time or times be suspended or relaxed to any extent by a general meeting and shall not apply to any contract by or on behalf of the Company to give to the Directors or any of them any security for advances or by way of indemnity. Where there is only one member and that member is the sole Director, this prohibition shall be deemed to have been suspended by a general meeting and the Director shall be entitled to vote in respect of any contract or arrangement in which he is so interested, and if he does so vote his vote shall be counted.

ELECTION OF DIRECTORS

98. Subject to Article 98, at the dissolution of every annual ordinary general meeting all the Directors shall retire from office and be succeeded by the Directors elected at such meeting. Retiring Directors shall be eligible for re-election at such meeting.

99. If at any ordinary general meeting at which an election of Directors ought to take place no such election takes place, or if no ordinary general meeting is held in any year or period of years, the retiring Directors shall continue in office until their successors are elected and a general meeting for that purpose may on notice be held at any time.

100. The Company may, by special resolution, remove any Director before the expiration of the period of office and appoint another person in his stead. The person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held office if he had not been removed.

101. Any casual vacancy occurring among the Directors may be filled by the Directors, but any person so chosen shall retain office so long as the vacating Director would have retained it if he had continued as a Director.

MANAGING DIRECTORS

102. The Directors may from time to time appoint one or more of their body to be managing director or managing directors of the Company (referred to herein as the "Managing Director"), either for a fixed term or without any limitation as to the period for which he is or they are to hold such office, and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

103. A Managing Director shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if for any reason he ceases to hold the office of Director, he shall ipso facto, immediately cease to be a Managing Director.

104. The remuneration of a Managing Director shall from time to time be fixed by the Directors and may be by way of salary, commission, participation in profits or any combination of these modes.

105. The Directors may from time to time entrust to and confer upon the Managing Director for the time being or upon any other manager, management company or person such powers, exercisable under these Articles by the Directors as they think fit, and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions as they think expedient; and they may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers. Any action proposed to be taken pursuant to Articles 101 to 104 inclusive, shall be subject to such restrictions as set forth herein.

PRESIDENT AND VICE-PRESIDENTS

106.

- (1) The Directors shall elect the President of the Company (who need not be a Director) and may determine the period for which he is to hold office. The President shall have general supervision of the business of the Company and shall perform such duties as may be assigned to him from time to time by the Board.
- (2) The Directors may also elect Vice-Presidents and determine the period for which they are to hold office. A Vice-President need not be a Director and any Vice-President shall, at the request of the President or the Board and subject to the directions of the Board, perform the duties of the President during the absence, illness or incapacity of the President.

CHAIRMAN OF THE BOARD

107. The Directors may also elect one of their number to be Chairman of the Board and may determine the period during which he is to hold office. He shall perform such duties and receive such special remuneration as the Board may from time to time provide.

PROCEEDINGS OF DIRECTORS

108. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Until otherwise determined, if there is only one Director and, if applicable, only one Director is, at that time, required pursuant to any Shareholders Agreement, that Director shall constitute a quorum. If there is more than one Director, a quorum for meetings of the Board shall consist of a majority of the members of the Board. In the event that a quorum is not obtained at any meeting, the meeting shall be adjourned and may be reconvened upon 48 hours' notice to the Directors, at which reconvened meeting the quorum shall be a majority of Directors.

109. Meetings of Directors may be held either within or without the Province of Nova Scotia and the Directors may from time to time make arrangements relating to the time and place of holding Directors' meetings, the notices to be given for such meetings and what meetings may be held without notice. Unless otherwise provided by such arrangements:

- (1) a meeting of Directors may be held at the close of every ordinary general meeting of the Company without notice;
- (2) notice of every other Directors' meeting may be delivered or mailed or telegraphed or telecopied or telephoned to each Director before the meeting is to take place. Such notice shall be delivered or mailed or telegraphed or telephoned or sent by telecopier transmission at least forty-eight hours (excluding Saturdays and holidays) before the time fixed for the meeting;

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- (3) a meeting of Directors may be held without formal notice if all the Directors are present or if those absent have signified their assent to such meeting or their consent to the business transacted at such meeting;
- (4) a Director may, if all the Directors specifically or generally consent, participate in a meeting of Directors by means of telephone or other communications facilities as permit all persons participating in the meeting to hear each other and a Director participating in such meeting by such means is deemed to be present at that meeting.

110. The President or any one Director may at any time, and the Secretary, upon the request of the President or any one Director, shall summon a meeting of the Directors to be held at the Office of the Company. The President, the Chairman of the Board or a majority of the Board may at any time summon a meeting to be held elsewhere.

111.

- (1) Questions arising at a meeting of Directors shall be decided by a majority of votes and when there is an equality of votes the chairman of the meeting shall not have a second or casting vote.
- (2) At any meeting of Directors the chairman shall receive and count the vote of any Director not present in person at such meeting on any question or matter arising at such meeting whenever such absent Director has indicated by telegram, telecopier transmission, letter or other writing lodged with the chairman of such meeting the manner in which he desires to vote on such question or matter and such question or matter has been specifically mentioned in the notice calling the meeting as a question or matter to be discussed or decided thereat. In respect of any such question or matter so mentioned in such notice any Director may give to any other Director a proxy authorizing such other Director to vote for such first named Director at such meeting, and the chairman of such meeting, after such proxy has been lodged with him, shall receive and count any vote given in pursuance thereof notwithstanding the absence of the Director giving such proxy.

112. If no Chairman of the Board is elected, or if at any meeting of Directors he is not present within five minutes after the time appointed for holding the meeting, the President, if a Director, shall preside. If the President, being a Director, is not present at such time, or if the President is not a Director, a Vice-President who is also a Director shall preside. If neither the President nor a Vice-President who is also a Director is present at such time, the Directors present shall choose some one of their number to be chairman of the meeting.

113. A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the Directors generally, subject to the restrictions in these Articles.

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114. Subject to such restrictions as set forth herein, the Directors may delegate any of their powers to committees consisting of such number of members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.

115. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Directors insofar as they are applicable and are not superseded by any regulations made by the Directors.

116. All acts done at any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of the Directors or persons so acting, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

117.

- (1) A resolution in writing and signed by every Director who would be entitled to vote on the resolution at a meeting is as valid as if it was passed by such Directors at a meeting. Any such resolution may be signed in counter-part.
- (2) A copy of every resolution referred to in subsection (a) shall be kept in the minutes of proceedings of the Directors or committee thereof, as the case may be.

REGISTERS

118. The Directors shall cause to be kept at the Company's head office in accordance with the provisions of the Act the Register, a register of the bond and debenture holders of the Company, and a register or registers, of its Directors, Officers and Managers. Branch Registers and registers of the bond and debenture holders may be kept elsewhere, either within or without Nova Scotia, in accordance with the Act.

MINUTES

119. The Directors shall cause minutes to be entered in books designed for the purpose:

- (1) of all appointments of officers;
- (2) of the names of the Directors present at each meeting of Directors and of the committees of Directors;
- (3) of all orders made by the Directors and committees of Directors;

- (4) of all resolutions and proceedings of meetings of the Shareholders and of the Directors.

Any such minutes of any meeting of the Directors or of any committee of the Directors or of the Company, if purporting to be signed by the chairman of such meeting or by the chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes.

POWERS OF DIRECTORS

120. The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by these Articles or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by statute expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the statutes in that behalf and of these Articles and to any regulations from time to time made by the Company in general meeting; provided that no regulation so made shall invalidate any prior act of the Directors that would have been valid if such regulation had not been made.

121. Subject to such restrictions as set forth herein, and without restricting the generality of the terms of the last preceding Article and without prejudice to the powers conferred thereby, and the other powers conferred by these Articles, the Directors shall have power:

- (1) To take such steps as they think fit to carry out any agreement or contract made by or on behalf of the Company;
- (2) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (3) To purchase or otherwise acquire for the Company any property, rights or privileges that the Company is authorized to acquire, and at such price and generally on such terms and conditions as they think fit;
- (4) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgaging or charging all or any of the property of the Company and its unpaid capital for the time being, or in such other manner as they think fit;
- (5) To appoint, remove or suspend at their discretion such experts, managers, secretaries, treasurers, officers, clerks, agents and servants for permanent, temporary or special services, as they from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and to require security in such instances and to such amounts as they think fit;

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- (6) To accept from any member insofar as the law permits and on such terms and conditions as may be agreed upon a surrender of his shares or any part thereof,
- (7) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of any such trustee or trustees;
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company;
- (9) To refer any claims or demands by or against the Company to arbitration and observe and perform the awards;
- (10) To make and give receipts, releases and other discharges for money payable to the Company and for claims and demands of the Company;
- (11) To determine who shall be entitled to exercise the borrowing powers of the Company and sign on the Company's behalf bonds, debentures or other securities, bills, notes, receipts, acceptances, assignments, transfers, hypothecations, pledges, endorsements, cheques, drafts, releases, contracts, agreements and all other instruments and documents;
- (12) To provide from time to time for the management of the affairs of the Company abroad in such manner as they think fit, and in particular to appoint any persons to be the attorneys or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may be thought fit;
- (13) To invest and deal with any of the moneys of the Company not immediately required for the purposes thereof in such securities and in such manner as they think fit; and from time to time to vary or realize such investments;
- (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property, present and future, as they think fit, and any such mortgages of the Company's property, present and future, as they think fit, and any such mortgages may contain a power of sale and such other powers, covenants and provisions as are agreed on;
- (15) To set aside out of the profits of the Company before declaring any dividend such sums as they think proper as a reserve fund to meet contingencies or provide for dividends, depreciation, repairing, improving and maintaining any of the property of the Company and such other purposes as the Directors may in their absolute

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discretion think conducive to the interests of the Company; and to invest the several sums set aside in such investments, other than shares of the Company, as they may think fit, and from time to time to deal with and vary such investments, and to dispose of all or any part of them for the benefit of the Company and to divide the reserve fund into such special funds as they think fit, with full power to employ the assets constituting the reserve fund in the business of the Company without being bound to keep them separate from the other assets;

- (16) From time to time to make, vary and repeal rules for the regulation of the business of the Company, its officers and servants, the members of the Company or any section or class of them;
- (17) To enter into all such negotiations and contracts, rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company;
- (18) From time to time to provide for the management of the affairs of the Company in such manner as they shall think fit.

SOLICITORS

122. The Company may employ or retain a solicitor or solicitors and such solicitor may, at the request of the Board of Directors or on instructions of the Chairman of the Board, the President or the Managing Director, attend meetings of the Directors or Shareholders, whether or not he himself is a member or a Director of the Company. If such solicitor is also a Director, he may nevertheless charge for services rendered to the Company as a solicitor.

SECRETARY AND TREASURER/OFFICERS

123. The Directors shall appoint a Secretary of the Company to keep the minutes of the Shareholders' and Directors' meetings and perform such other duties as may be assigned to him by the Board. The Directors may also appoint a temporary substitute for the Secretary who shall, for the purpose of these Articles, be deemed to be the Secretary.

124.

- (1) The Directors may appoint a Treasurer of the Company to carry out such duties as the Board may assign. If the Directors think it advisable, the same person may hold the offices of both Secretary and Treasurer.
- (2) The Directors may also from time to time elect or appoint such other officers, employees and agents as they shall deem necessary, which will have such authority and shall perform such duties as from time to time shall be prescribed by the Directors. The Directors may from time to time by resolution designate one

of the officers of the Company as a chief executive officer of the Company and may from time to time revoke any such designation. Any two or more offices may be occupied by the same person.

THE SEAL

125. The Directors shall arrange for the safe custody of the Common Seal of the Company. The Common Seal may be affixed to any instrument in the presence of and contemporaneously with the attesting signature of (i) any Director or officer acting within such person's authority; or (ii) any person under the authority of a resolution of the Directors or a committee thereof For purpose of certifying documents or proceedings, the Common Seal may be affixed by any Director or the President, a vice-president, the Secretary, assistant secretary or any other officer of the Company without the authorization of a resolution of the Directors. The Company may have facsimiles of the Common Seal which may be used interchangeably with the Common Seal.

126. The Company may have for use at any place outside Nova Scotia to which the corporate existence and capacity of the Company extends, an official seal that is a facsimile of the Common Seal of the Company with the addition on its face of the name of the place where it is to be used and the Company may, by writing under the seal of its Common Seal, authorize any person to affix such official seal to any document at such place to which the Company is a party.

DIVIDENDS

127. The Directors may from time to time declare such dividend as they deem proper upon the shares of the Company according to the rights of the members and the respective classes thereof and may determine the date upon which such dividend will be payable and that it will be payable to the persons registered as the holders of the shares on which it is declared at the close of business upon a specified date.

128.

- (1) Any dividend may be paid out of profits and may be payable if not otherwise prohibited by law.
- (2) Any Director may, at any time and from time to time express to the Directors in such manner as he may determine his views on the appropriateness of the payment of any dividend or may protest against the payment of any dividend and if he protests the payment of any dividend within ten (10) days of becoming aware of its declaration and he has not voted in favour of recommending the payment of the dividend then he shall be under absolutely no liability to the Company or the members with respect to the payment of such dividend.

129. The declaration of the Directors as to the amount of the profits of the Company shall be conclusive.

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130. The Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.

131. The Directors may deduct from the dividends payable to any member all such sums of money as may be due and payable by him to the Company on account of calls, instalments or otherwise and may apply the same in or towards satisfaction of such sums of money so due and payable.

132. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

133. The Directors may retain any dividends payable upon shares in respect of which any person is, under Article 43, entitled to become a member, or which any person under that clause is entitled to transfer, until such person has become a member in respect of or has duly transferred such shares.

134. Subject to any restrictions in these Articles, any meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, paid-up shares, debentures, bonds or debenture-stock of the Company or paid-up shares, debentures, bonds or debenture stock of any other Company, or in any one or more of such ways.

135. Subject to any restrictions in these Articles, any meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund or in the hands of the Company and available for dividends or representing premiums received on the issue of shares and standing to the credit of the share premium account, be capitalized and distributed to the Shareholders who would be entitled to receive them if distributed by way of dividend and in the same proportions, that all or any part of such capitalized fund be applied on behalf of such Shareholders in paying up in full, either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company (which shall be distributed accordingly) or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalized sum.

136. For the purpose of giving effect to any resolution under the two last preceding Articles, the Directors may settle any difficulty that may arise in regard to the distribution as they think expedient and, in particular, may issue fractional certificates, may fix the value for distribution of any specific assets, may determine that cash payments will be made to any members upon the footing of the value so fixed or that fractions of less value than \$5.00 may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Directors.

137. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.

138. Anyone of several persons registered as the joint holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

139. Unless otherwise determined by the Directors, any dividend may be paid by a cheque or warrant delivered to or sent through the post to the registered address of the member entitled, or when there are joint holders, to the registered address of that one whose name stands first on the register for the shares jointly held. Every cheque or warrant so delivered or sent shall be made payable to the other of the person to whom it is delivered or sent.

140. Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in the manner hereinafter provided.

ACCOUNTS

141. The Directors shall cause proper books of accounts to be kept of the sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure takes place and of all sales and purchases of goods by the Company and of the assets, creditors and liabilities of the Company.

142. The books of account shall be kept at the head office of the Company or at such other place or places as the Directors may direct.

143. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to inspection of the members and no member shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorized by the Directors or a resolution of the Company in general meeting.

144. At the ordinary general meeting in every year the Directors shall lay before the Company the financial statements, report of the auditor, if any, and the report of the Directors required by the Act.

145. The financial statements shall be approved by the Board and shall be signed on behalf of the Board and at the Board's discretion by two Directors of the Company or if the Company has only one Director, by that Director.

146. The Directors shall send copies of the financial statements together with copies of the auditor's report, if any, and the report of the Directors, if applicable, to all members of the Company at least seven days before the date of the general meeting before which they are to be placed.

AUDITORS AND AUDIT

147. The Company shall at each ordinary general meeting appoint an auditor or auditors to hold office until the next ordinary general meeting. If at any general meeting at which the appointment of an auditor or auditors is to take place no such appointment takes place, or if no ordinary general meeting is held in any year or period of years, the Directors shall appoint an auditor to hold office until the next ordinary general meeting.

148. The first auditors of the Company may be appointed by the Directors at any time before the first annual general meeting and the auditors so appointed shall hold office until such meeting unless previously removed by a resolution of the Shareholders in general meeting, in which event the Shareholders at such meeting may appoint auditors.

149. The Directors may fill any casual vacancy in the office of auditor but while any such vacancy continues the surviving or continuing auditor or auditors, if any, may act.

150.

- (1) A person is disqualified from being an auditor of the Company if the person is not independent of the Company, of all of its affiliates, or of the Directors and officers of the Company and its affiliates.
- (2) For the purpose of this Article, independence is a question of fact; and a person is deemed not to be independent if the person or the person's business partner:
 - (a) is a business partner, director, officer or employee of the Company or any of its affiliates, or a business partner of any director, officer or employee of the Company or any of its affiliates,
 - (b) beneficially owns, directly or indirectly, or exercises control or direction over a material interest in the shares of or debt owing by the Company or any of its affiliates, or
 - (c) has been a receiver, receiver and manager, liquidator or trustee in bankruptcy of the Company or any of its affiliates within two years of the person's proposed appointment as auditor of the Company.
- (3) An auditor who becomes disqualified pursuant to this Article shall resign forthwith upon becoming aware of his disqualification.

151. The remuneration of the auditors shall be fixed by the Company in general meeting, or by the Directors pursuant to authorization given by the Shareholders at the annual ordinary general meeting except that the remuneration of an auditor appointed to fill a casual vacancy may be fixed by the Directors.

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152.

- (1) The auditors shall conduct such audit and make such examination of the financial statements of the Company required by the Act to be placed before the members in general meeting as is necessary for the auditors to report thereon.
- (2) The auditors shall report on the financial statements in the form recommended from time to time in the Handbook of the Canadian Institute of Chartered Accountants.

153.

- (1) The members may, except where the auditor has been appointed by order of the court pursuant to the Act, by resolution passed by a majority of the votes cast at a special meeting duly called for the purpose, remove an auditor before the expiration of the auditor's term of office and shall, by a majority of the votes cast at that meeting, appoint another auditor in his stead for the remainder of the term.
- (2) Before calling a special meeting for the purpose specified in sub-article (1) or an annual general or special meeting where the Directors are not recommending the re-appointment of the incumbent auditor, the Company shall, fifteen days or more before the mailing of the notice of the meeting, give to the auditor:
 - (a) written notice of the intention to call the meeting, specifying therein the date on which the notice of the meeting is proposed to be mailed; and
 - (b) a copy of all material proposed to be sent to members in connection with the meeting.
- (3) An auditor has the right to make to the Company, three days or more before the mailing of the notice of the meeting, representations in writing concerning:
 - (a) the auditor's proposed removal as auditor;
 - (b) the appointment or election of another person to fill the office of auditor;
or
 - (c) the auditor's resignation as auditor,and the Company, at its expense, shall forward with the notice of the meeting a copy of such representations to each member entitled to receive notice of the meeting.
- (4) The Company shall give notice in writing to an auditor of the auditor's appointment forthwith after the appointment is made.

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- (5) A resignation of an auditor becomes effective at the time the written resignation is sent to the Company or at the time specified in the resignation, whichever is later.

154.

- (1) Upon the demand of an auditor of the Company, the present or former directors, officers, employees or agents of the Company shall furnish such:
 - (a) information and explanations; and
 - (b) access to records, documents, books, accounts and vouchers of the Company or any of its subsidiaries, as are, in the opinion of the auditor, necessary to enable the auditor to make the examination and report required under the Act and that the Directors, officers, employees and agents are reasonably able to furnish.
- (2) Upon the demand of an auditor of the Company, the Directors of the Company shall:
 - (a) obtain from the present or former directors, officers, employees and agents of any subsidiary of the Company the information and explanations that the present or former directors, officers, employees and agents are reasonably able to furnish and that are, in the opinion of the auditor, necessary to enable the auditor to make the examination and report required under the Act; and
 - (b) furnish the information and explanations so obtained to the auditor.
- (3) The auditor of the Company is entitled to receive notice of every meeting of members and, at the expense of the Company, to attend and be heard at the meeting on matters relating to the auditor's duties as an auditor.
- (4) If the Director or member of the Company, whether or not the member is entitled to vote at the meeting, gives written notice not less than five days before the meeting of the Company to the auditor or former auditor of the Company, the auditor or former auditor shall attend the meeting at the expense of the Company and answer questions relating to the auditor or former auditor's duties as auditor.
- (5) A Director or member who sends a notice referred to in sub-article (4) shall send concurrently a copy of the notice to the Company.

155. The auditor's report shall be placed before each annual general meeting of the Company and shall be read thereat and be open for inspection by the members present.

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- (1) A Director or officer of the Company shall forthwith notify all Directors and the auditor or former auditor of any error or mis-statement of which the Director or officer becomes aware in a financial statement that the auditor or former auditor has reported upon if the error or mis-statement in all the circumstances appears to be significant.
- (2) Where the auditor or former auditor of the Company is notified or becomes aware of an error or mis-statement in a financial statement upon which the auditor or former auditor has reported, and if in the auditor or former auditor's opinion the error or mis-statement is material he shall inform each Director accordingly.
- (3) Where, pursuant to sub-article (2), the auditor or former auditor informs the Directors of an error or mis-statement in a financial statement, the Directors shall, within a reasonable time,
 - (a) prepare and issue revised financial statements; or
 - (b) otherwise inform the members and any debenture holder of the Company who has demanded or been furnished with the financial statements which contain the error or mis-statement.

157.

- (1) If all the members of the Company consent thereto, the provisions of these Articles and the Act regarding the appointment of auditors and duties of auditors do not apply with respect to the financial year in respect of which the consent is given.
- (2) Sub-article (1) shall not apply if the Company is a reporting issuer or a reporting company.

158. If one auditor only is appointed, all the provisions herein contained relating to auditors shall apply to him. Any provision herein for the appointment of an auditor shall be subject to the provisions of any Shareholders Agreement.

NOTICES

159. A notice may be served by the Company upon members personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered place of address.

160. Members who have no registered place of address shall not be entitled to receive any notice.

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161. Any notice required to be given by the Company to the members, or any of them, and not expressly provided for by these Articles, shall be sufficiently given if given by advertisement.

162. Any notice given by advertisement shall be advertised twice in a paper published in the place where the head office of the Company is situated, or if no paper is published there, then in any newspaper published in the City of Halifax, Nova Scotia.

163. All notices shall, with respect to any registered shares to which persons are jointly entitled, be given to whichever of such persons is named first in the register for such shares, and notice so given shall be sufficient notice to all the holders of such shares.

164. Any notice sent by post shall be deemed to be served on the fifth business day following that upon which the letter, envelope or wrapper containing it is posted, and in proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and put into the post office with the postage prepaid thereon. A certificate in writing signed by any manager, secretary or other official of the Company that the letter, envelope or wrapper containing the notice was so addressed and posted shall be conclusive evidence thereof. The foregoing provisions of this clause shall not apply to a notice of a meeting of the Directors.

165. Every person who by operation of law, transfer or other means whatsoever becomes entitled to any share shall be bound by every notice in respect of such share that prior to his name and address being entered on the register was duly served in the manner hereinbefore provided upon the person from whom he derived his title to such share.

166. Any notice or document so advertised or sent by post to or left at the registered address of any member in pursuance of the Articles shall, notwithstanding that such member is then deceased and that the Company has notice of his decease, be deemed to have been served in respect of any registered shares, whether held by such deceased member solely or jointly with other persons, until some other person is registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his heirs, executors, or administrators and all persons, if any, jointly interested with him in any such share.

167. The signature to any notice given by the Company may be written or printed.

168. When a given number of days notice or notice extending over any other period is required to be given, the day of service and the day upon which such notice expires shall not, unless it is otherwise provided, be counted in such number of days or other period.

INDEMNITY

169. Every Director, proxyholder, other Shareholder representative or officer, former Director, proxyholder, other Shareholder representative or officer, or person who acts or acted at the Company's request, as a Director or officer of the Company, a body corporate, partnership or other association of which the Company is or was a Shareholder, partner, Shareholder or creditor, and the heirs and legal representatives of such person, in the absence of any dishonesty on the part of such person, shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay, all costs, losses and expenses, including an amount paid to settle an action or claim or satisfy a judgment, that such Director, officer or person may incur or become liable to pay in respect of any claim made against such person or civil, criminal or administrative action or proceeding to which such person is made a party by reason of being or having been a Director, proxyholder, other Shareholder representative or officer of the Company or such body corporate, partnership or other association, whether the Company is a claimant or party to such action or proceeding or otherwise; and the amount for which such indemnity is proved shall immediately attach as a lien on the property of the Company and have priority as against the Shareholders over all other claims.

170. No Director or other officer of the Company shall, in the absence of any dishonesty on his part, be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or through the insufficiency or deficiency of any security in or upon which any of the moneys of the Company are invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects are deposited, or for any loss, damage or misfortune whatsoever which happens in the execution of the duties of his office or in relation thereto.

SHAREHOLDERS AGREEMENTS

171. Any written agreement or agreements which may be entered into by the Company and signed by all its Shareholders or which is otherwise binding on all its Shareholders and any amendments thereto signed by all its Shareholders or which are otherwise binding on all its Shareholders, respecting any matters dealt with under these Articles or otherwise, shall, to the extent any provisions of the agreements are inconsistent with these Articles and to the extent permitted by law, supplement and supersede the terms of these Articles and be deemed to be amendments thereto and be binding upon the Company, the Directors, the Shareholders and future shareholders.

REMINDERS

172. The Directors shall comply with the following provisions of the Act:

- (1) Keep a Register of members. (Sect. 42)

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- (2) Keep a register of the holders of debentures. (Sect. 111)
- (3) Send notice to the Registrar of any consolidation, division, conversion or reconversion of the share capital or stock of the Company. (Sect. 53)
- (4) Send notice to the Registrar of any increase of capital. (Sect. 55)
- (5) Call a general meeting every year within the proper time. (Sect. 83) Meetings must be held not later than fifteen months after the preceding general meeting.
- (6) Send to the Registrar typed or printed copies of all special resolutions. (Sect. 88)
- (7) Keep a register of Directors, Officers and Managers, which shall include the addresses of the parties listed. Send to the Registrar a copy thereof and notify him of all changes therein. (Sect. 98)
- (8) Send to the Registrar notice of the address of the Company's registered office and of all changes in such address. (Sect. 79)
- (9) Keep proper minutes of all general meetings and Directors meetings in books reserved for the purpose and kept at the Company's registered office. (Sects. 89 and 90)
- (10) Obtain a certificate under the *Corporations Registration Act* as soon as business is commenced
- (11) Send notice of recognized agent to the Registrar in compliance with provisions of the *Corporations Registration Act*
- (12) See that the Register of Shareholders is always kept up to date.
- (13) See that the register of Directors is always kept up to date.
- (14) Send notice to the Registrar of any redemption or purchase of preference shares. (Sect. 51)

SEVERABILITY

173. If any Article hereof or any portion thereof or the application thereof to any circumstance shall be held invalid or unenforceable, the remainder of these Articles and of the provision in question, or its application to any circumstance other than that in which it has been held invalid or unenforceable shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law and only the invalid or unenforceable Article or portion thereof shall, in such case, be deemed to be severed from and not form part of these Articles.

ALTERATION OF CAPITAL

174. The Company may from time to time in general meeting consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.

175. The Company may from time to time in general meeting convert all or any of its paid-up shares into stock and re-convert that stock into paid-up shares of any denomination.

176. The Company may from time to time by special resolution subdivide its shares, or any of them, into shares of smaller amount than is fixed by the Articles of Association so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived. The special resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise, over or as compared with, the others or other.

177. The Company may from time to time in general meeting exchange shares of one denomination for another.

178. The Company may from time to time in general meeting cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

179. The Company may from time to time by special resolution convert any part of its unissued share capital into preference shares redeemable or purchasable by the Company in the manner provided in the Act.

180. The Company may from time to time by special resolution convert all or any of its previously authorized, unissued or issued, fully paid-up shares other than preferred shares, with nominal or par value into the same number of shares without any nominal or par value and reduce, maintain or increase accordingly its liability on any of its shares so converted; provided that the power to reduce its liability on any of its shares so converted may, where it results in a reduction of capital, only be exercised subject to confirmation by the courts as provided by the Act.

181. The Company may from time to time by special resolution convert all or any of its previously authorized, unissued or issued, fully paid-up shares without nominal or par value into the same or a different number of shares with nominal or par value. For such purpose the shares issued without nominal or par value and replaced by shares with a nominal or par value shall be considered as fully paid but their aggregate par value shall not exceed the value of the net assets of the Company as represented by the shares without nominal or par value before the conversion.

- 182.
- (1) Subject to the provisions which may be attached to any class of shares from time to time, the Company may:
 - (a) purchase, redeem or acquire any preference shares which, by their conditions, may be redeemed;
 - (b) Purchase or otherwise acquire any other shares issued by it.
 - (2) The Directors may, subject to such provisions and conditions, determine the manner and the terms for:
 - (a) purchasing, redeeming or acquiring such preference shares; and
 - (b) purchasing or otherwise acquiring any other shares issued by it.
 - (3) The Directors may, subject to such provisions and conditions determine the manner and the terms for redeeming or purchasing such preference shares and may from time to time provide a sinking fund on such terms as they think fit for the redemption or purchase of such preference shares of any class or series.

183. Any action proposed to be taken by the Company pursuant to Articles 172 to 181 inclusive, shall, where and to the extent that subsection 12(1) of the Third Schedule to the Act applies to such action, be subject to the additional approvals required by that subsection and those Articles shall not apply to limit the otherwise application of that subsection.

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NAME AND ADDRESS OF SUBSCRIBER

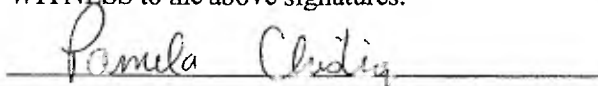
3066313 Nova Scotia Limited, by its representative,

Debbie J. Tibbo
President & Secretary
10 Church Street
P.O. Box 1068
Truro, NS B2N 5B9



DATED at Truro, Nova Scotia, this 24th day of April, 2002.

WITNESS to the above signatures:



C-1(b)(iii)




EXHIBIT 4

EXHIBIT 5

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DIRECTORS' REGISTER							
NAME	RESIDENCE ADDRESS	EFFECTIVE			CEASED		
		DA	MO	YR	DA	MO	YR
Pamela D. Chisling	C-1(b)(iii)	24	04	02	24	04	02
Douglas Clayton	C-1(b)(ii) P.O. Box 3015, Lakewood, New Jersey, USA 08701- C-1(b)(iii)	24	04	02			
William Richard Clayton	C-1(b)(iii) P.O. Box 3015, Lakewood, New Jersey, USA 08701- C-1(b)(iii)	24	04	02			
Daniel Clayton	C-1(b)(iii) P.O. Box 3015, Lakewood, New Jersey, USA 08701- C-1(b)(iii)	24	04	02			

