

CO-OWNERSHIP AGREEMENT

BETWEEN

RADIUM MOUNTAIN SR DEVELOPMENTS LTD.

AND

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

AND

**THE PARTIES LISTED FROM TIME TO TIME
ON SCHEDULE D TO THIS AGREEMENT**

June 15, 2010

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CO-OWNERSHIP AGREEMENT

THIS AGREEMENT is dated June 15, 2010

BETWEEN:

RADIUM MOUNTAIN SR DEVELOPMENTS LTD., having
an office at Suite 300, 714 – 1st Street SE, Calgary, Alberta, T2G
2G8

(the “**Developer**”)

AND:

**MOUNTAIN SHADOWS RESORT OWNERS’
CORPORATION**, a British Columbia company, having an office
at Suite 300, 714 – 1st Street SE, Calgary, Alberta, T2G 2G8

(the “**Owners’ Association**”)

AND:

**THE PARTIES LISTED ON SCHEDULE D TO THIS
AGREEMENT, AS AMENDED FROM TIME TO TIME**

(collectively, the “**Owners**” and each an “**Owner**”)

WHEREAS:

The Owners wish to set out their respective rights and obligations as shareholders in the Owners’ Association and to provide for a mechanism for the use and management of the Resort Lands, as defined herein, and the activities carried out thereon.

NOW THEREFORE in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree with each other as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

In this Agreement, the following terms have the meanings set out below:

- (a) “**Assessments**” means the costs and levies assessed by the Owners’ Association to an Owner, and payable by that Owner in respect of operating, maintenance and

replacement costs, reserves, fees, expenses, charges and other reasonable outlays relating to the Resort, pursuant to this Agreement;

- (b) “**Articles**” means the articles of incorporation of the Owners’ Association governing, a copy of which is attached hereto as Schedule C;
- (c) “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, and the Regulations thereto, as may be amended or replaced from time to time;
- (d) “**Bylaws**” means those rules and regulations passed from time to time by the Owners’ Association governing the use, enjoyment, safety and cleanliness of the Resort (including the Common Items and the Sites). A copy of the current Bylaws is attached hereto as Schedule A;
- (e) “**Common Areas**” means those portions of the Resort Lands and improvements thereon that are not included within the boundary of the Sites and that are designated by the Developer or the Owners’ Association as common areas, which designation may be changed by the Developer or the Owners’ Association from time to time, as shown on the Site Plan;
- (f) “**Common Assets**” means the personal property owned by the Owners’ Association acquired for the use of all the Owners as well as the fixtures, pipes, wires and other facilities used for generation, storage, collection or distribution of water, sewage, drainage, electricity, telephone, garbage collection and other utility services;
- (g) “**Common Costs**” means the total of the costs and expenses (without duplication) incurred by the Owners’ Association to operate, manage, insure, repair, maintain and replace the Common Items (but excluding the Sites), including without limitation:
 - (i) all costs and expenses to repair, maintain, replace and decorate the Common Items;
 - (ii) the Cost of Insurance;
 - (iii) the Tax Cost for the Common Items;
 - (iv) all costs and expenses for gardening and landscaping, line painting and repainting, rental of equipment, garbage removal, sanitary control or removal, snow removal and cleaning of Common Areas and the Common Facilities;
 - (v) wages and other amounts paid for maintenance, security and operating personnel;

- (vi) all accounting and other professional fees, costs and expenses relating to the operation, management, insurance, repair, maintenance and replacement of the Common Items;
- (vii) water and sewer for the Resort; and
- (viii) all costs of utilities, taxes and other amounts payable in connection with the Common Areas and the Common Facilities,

together with a Contingency Reserve Fund for each Year as determined by the Owners' Association, but shall exclude costs associated with the Plan 10489 Lands until such Lands become a part of the Resort Lands;

- (h) **"Common Facilities"** means those facilities within the Resort that are designated by the Developer or Owners' Association as common facilities, which designation may be changed by the Owners' Association from time to time, including but not limited to the roads, electrical and mechanical systems, drainage and sewer systems, waterworks and fire prevention systems primarily located in the Common Areas;
- (i) **"Common Items"** means, collectively, the Common Assets, Common Facilities and Common Areas;
- (j) **"Contingency Reserve Fund"** means a fund for Common Costs which occur less often than once a year, as described in Section 3.9 of this Agreement;
- (k) **"Cost of Insurance"** means the annual cost to the Owners' Association to take out and maintain the insurance required to be taken out and maintained by the Owners' Association under the terms of this Agreement and such other insurance as the Owners' Association shall deem necessary from time to time;
- (l) **"Court"** means the Supreme Court of British Columbia, except for monetary matters falling within the jurisdiction of the Small Claims Division of the Provincial Court in which case it shall mean the Provincial Court;
- (m) **"Day Guest"** means any person using and occupying the Site of an Owner or any of the Common Areas or Common Facilities for less than 24 continuous consecutive hours, and is a person who is not an Immediate Family to the Owner;
- (n) **"Developer"** means Radium Mountain SR Developments Ltd.;
- (o) **"Encumbrance"** means any security interest, mortgage, charge, pledge, hypothec, lien, encumbrance, restriction, option, adverse claim, right of others or other encumbrance of any kind;
- (p) **"Environment"** means all the components of the earth including, without limitation, all layers of the atmosphere, air, land (including, without limitation, all underground spaces and cavities and all lands submerged under water), soil, water

(including, without limitation, surface and underground water), organic and inorganic matter and living organisms, the interacting natural systems that include the foregoing and all other external conditions or influences under which humans, animals and plants live or are developed;

- (q) **“Environmental Laws”** means any laws relating, in whole or in part, to the protection and enhancement of the Environment, occupational safety, product liability, public health, public safety, and transportation of dangerous goods;
- (r) **“Environmental Management Act”** means the *Environmental Management Act* [SBC 2003] c. 53 and any regulations made pursuant to it, as amended or replaced from time to time;
- (s) **“Event of Default”** means any of the events of default described in Section 17.1 of this Agreement;
- (t) **“Governmental Authority”** means any federal, provincial, city, municipal, county, regional, or local government or government authority, and includes any department, commission, bureau, board, administrative agency, or regulatory body of any of the foregoing;
- (u) **“Hazardous Substances”** means:
 - (i) any pollutants, wastes, special wastes or other such substances, including, without limitation, any flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls, chlorofluorocarbons, hydro chlorofluorocarbons, urea formaldehyde foam insulation, radon gas, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances (as that term is used in the *Environmental Management Act*) or related materials, nutrients and petroleum and petroleum products, and any substance declared to be hazardous or toxic under any Environmental Laws; and
 - (ii) any substances, whether or not defined as hazardous, toxic, or a threat to public health or the Environment under any Environmental Laws, that the Developer or Owners’ Association reasonably deem to be hazardous;
- (v) **“House”** means the house located on the Parcel A Lands;
- (w) **“Immediate Family”** means the spouse of an Owner, the children and grandchildren of the Owner and any spouses of any such children or grandchildren of the Owner. For the purposes of this Agreement, the Bylaws, the term **“spouse”** shall include a common-law spouse;
- (x) **“Lands”** means the lands and premises comprising the Resort Lands and the Plan 10489 Lands;

- (y) **“Licence”** means the licence forming part of the Owner’s Interest to use and occupy the RV Site corresponding to the Share registered in the name of the Owner as recorded in the Site Register, unless terminated as herein provided, together with the right in common with the other Owners, the Developer, the Owners’ Association and their respective employees, agents, contractors and other invitees to the non-exclusive use of the Common Items, subject to the term and conditions contained in this Agreement.
- (z) **“Manager”** means the manager appointed initially by the Developer and any subsequent manager appointed by the Owners’ Association from time to time;
- (aa) **“Manufactured Home Park Area”** means that area shown on the Site Plan attached as Schedule B hereto;
- (bb) **“Manufactured Home Sites”** means the 14 manufactured home sites that are located on that part of the Parcel A Resort Lands commonly known as the “Whitetail Estates Mobile Home Park”, and **“Manufactured Home Site”** has the corresponding meaning;
- (cc) **“Operating Budget”** means the budget passed by the Owners at the annual general meeting to pay for those Common Costs occurring at least once a year or more often;
- (dd) **“Ordinary Resolution”** means a resolution passed at a general meeting of the Owners, by a simple majority of the votes cast by the Owners entitled to vote thereon under this Agreement, present at a general meeting in person or by proxy and not abstaining;
- (ee) **“Owner”** means the registered owner of a Share, and **“Owners”** shall mean all of the owners of the Shares from time to time as shown on Schedule D to this Agreement, as amended from time to time;
- (ff) **“Owners’ Association”** means “Mountain Shadows Resort Owners’ Corporation” (and any successor thereto), being a company incorporated under the laws of British Columbia, of which all the Owners are shareholders and which is given the authority pursuant to Article 16 of this Agreement to manage the Resort Lands and Common Items on behalf of the Owners;
- (gg) **“Owner’s Interest”** means, together, the Share and the Licence acquired by each Owner from the Developer;
- (hh) **“Owner’s Proportionate Share”** means that fraction, the numerator of which is the aggregate number of Shares owned by an Owner and the denominator of which is the total number of Shares allocated to the RV Sites within one or more completed phase of the Resort and the Manufactured Home Sites;

- (ii) **“Owner’s Site”** means that portion of the Resort Lands identified on Schedule D of this Agreement as the Owner’s Site for the use of the Owner, subject to the terms of this Agreement;
- (jj) **“Parcel A Lands”** means those lands legally described as Parcel Identifier: 016-428-773 Parcel A (See 142971I) of District Lot 7913 Kootenay District;
- (kk) **“Parties”** means the parties set out on page 1 of this Agreement;
- (ll) **“Permitted Transferee”** of an Owner means:
 - (i) in the case of an Owner who is a natural person:
 - (A) a corporation all of the outstanding shares of which are beneficially owned and controlled by such Owner; and
 - (B) a trust of which the Owner is the sole trustee and all of the beneficiaries of which are the Owner, the Owner’s spouse and/or any lineal descendants of the Owner; and
 - (ii) in the case of an Owner that is a legal person, any affiliate of the Owner, as that term is defined in the *Business Corporations Act*;
- (mm) **“Phase 1 RV Sites”** means the RV Sites shown on the Site Plan;
- (nn) **“Phase 2 RV Sites”** means the RV Sites as shown on the Site Plan;
- (oo) **“Phase 3 RV Sites”** means the RV Sites as shown on the Site Plan;
- (pp) **“Plan 10489 Lands”** means those lands legally described as Parcel Identifier: 012-923-061 Lot 1 District Lot 7913 Kootenay District Plan 10489, as shown on the Site Plan;
- (qq) **“Plan 14156 Lands”** means the lands legally described as Parcel Identifier: 010-241-493 Lot 1 District Lot 7913 Kootenay District Plan 14156;
- (rr) **“Property Taxes”** means all taxes, levies, local area improvement charges, municipal utility rates and similar charges, rates and levies imposed by the British Columbia Surveyor of Taxes or other Governmental Authority having jurisdiction over the Resort Lands in respect of the Resort Lands;
- (ss) **“Release”** includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping;
- (tt) **“Resort”** means the Mountain Shadows Resort and all of the Resort Lands;
- (uu) **“Resort Lands”** means the Parcel A Lands and the plan 14156 Lands, as may be expanded at the sole discretion of the Developer to include the 10489 Lands;

- (vv) **“RV Sites”** means the RV Sites located or proposed as being located upon the Lands as shown on the Site Plan or as shown on an amended Site Plan, and **“RV Site”** has the corresponding meaning;
- (ww) **“Shares”** means the issued and outstanding Common Shares of the Owner’s Association which have been allocated to a specific existing or proposed Site;
- (xx) **“Site Register”** means the register maintained by the Owners’ Association within which a record of the attachment of specific RV Sites to specific shares will be maintained along with the registered owners of such shares. The Site Register must be kept at the Owners’ Associations Registered and Records Office;
- (yy) **“Site”** means any one, and **“Sites”** means all, of the existing or proposed sites described herein as may be identified on the Site Plan, as amended from time to time, and includes the Manufactured Home Sites and the RV Sites;
- (zz) **“Site Plan”** means the site plan attached hereto as Schedule B;
- (aaa) **“Special Levy”** means an assessment pursuant to Section 3.8 of this Agreement, approved by the Owners at a general meeting by way of a Special Resolution to which all Owners must contribute their Owner’s Proportionate Share of the Special Levy;
- (bbb) **“Special Resolution”** means:
 - (i) a resolution passed at a general meeting under the following circumstances:
 - (A) notice of the meeting specifying the intention to propose the resolution as a special resolution is sent to all Owners holding shares that carry the right to vote at general meetings at least the prescribed number of days before the meeting;
 - (B) the majority of the votes cast by Owners voting shares that carry the right to vote at general meetings is cast in favour of the resolution;
 - (C) the majority of votes cast in favour of the resolution constitutes at least a special majority, or
 - (ii) a resolution passed by being consented to in writing by all of the Owners holding shares that carry the right to vote at general meetings
- (ccc) **“Summer Season”** means the period each year commencing on April 1 and ending on the day following Canadian Thanksgiving;
- (ddd) **“Tax Cost”** means the total, without duplication, of all taxes, Property Taxes, trade licenses, rates, levies, service fees and charges, duties and assessments

levied or imposed on or in respect of the Common Areas and Common Facilities, or the Resort Lands, by any competent authority, including without limitation any utilities, service fees or charges;

- (eee) **“Unanimous Resolution”** means a resolution passed by all of the Owners;
- (fff) **“Visitor”** means any person using and occupying the Site of an Owner or any of the Common Areas and Common Facilities and who is not Immediate Family to the Owner or a Day Guest;
- (ggg) **“Voting Trust Agreement”** means an agreement between an Owner and the voting trustee(s) appointed under the Voting Trust Agreement as provided for in 16.1, the form of which is attached as Schedule E; and
- (hhh) **“Year”** means a calendar year or such other twelve (12) month period as established by the Owners’ Association.

ARTICLE 2

GRANT

2.1 Owner’s Site

The Owners’ Association hereby acknowledges that, by acquiring the Owner’s Interest, each Owner assumed the Licence corresponding to the Owner’s Share from the Developer, and the parties agree that such Licence is subject to the terms and conditions contained in this Agreement.

ARTICLE 3

FINANCES

3.1 Financial Management

The Owners’ Association shall:

- (a) establish and manage a Contingency Reserve Fund;
- (b) prepare and present for approval at the each annual general meeting an Operating Budget for the following Year;
- (c) administer the Operating Budget;
- (d) notify each Owner of their required contribution to the Operating Budget, Contingency Reserve Fund and any Special Levy; and
- (e) collect from the Owners their contributions to the Operating Budget, Contingency Reserve Fund and any Special Levy in the manner provided for in this Agreement.

3.2 **Contribution Formula**

Subject to Sections 3.3 and 3.4, each Owner covenants and agrees to pay to the Owners' Association, in lawful money of Canada, without any claim, setoff, compensation or deduction whatsoever, the Owner's Proportionate Share of the Operating Budget, Contingency Reserve Fund and any Special Levy, all of which shall be payable pursuant to the terms of this Agreement, together with such value added, sales, goods and services or other taxes, if any, that may be payable in respect of such payments (including without limitation taxes pursuant to the *Excise Tax Act*, R.S.C. 1985, C.E-13, or any other federal or provincial enactment that may be applicable to such payments). Any purported set off, withholding or deduction of any such payment by an Owner shall be deemed to be a breach of this Agreement, and entitle the Owners' Association, at its option, to exercise any right or remedy available to it pursuant to this Agreement or at law. The Owner will have no right to a refund of, and the Owners' Association will not be liable to the Owner for refunding, any sums in the event of the termination of this Agreement.

3.3 **Direct Expenses**

Each Owner shall be responsible for the costs of repair, maintenance and upkeep of their Site.

3.4 **Common Costs**

The Common Costs for each Year shall be estimated by the Owners' Association and communicated to each Owner. The Owners' Association shall have the right at any time during any Year to adjust the budget for the Common Costs for such Year or to allocate specific Common Costs, in whole or in part, to an Owner based on a determination by the Owners' Association that an Owner is solely or partially responsible for such costs, in which event the amount payable by the Owner as the Owner's Proportionate Share of the Common Costs shall be adjusted accordingly. The Owners' Association reserves the right to estimate, bill, re estimate and collect Common Costs to the extent required by the Owners' Association.

3.5 **Payment and Adjustments of Common Costs**

An Owner will pay to the Owners' Association the Owner's Proportionate Share, or such other amount calculated under this Agreement, of the estimated Common Costs for each Year on a monthly basis in advance during each Year. Within a reasonable time period following the end of each Year, the Owners' Association will advise the Owner in writing of the actual amount of the Common Costs for the Year and the actual amount required to be paid as the Owner's Proportionate Share of the Common Costs for the Year. In the event that the actual Common Costs for such Year are less than the Common Costs that had been estimated by the Owners' Association, the overpayment by the Owner shall be applied to the Common Costs payable to the Owners' Association for the next Year. In the event the actual Common Costs for such Year are greater than the Common Costs that had been estimated by the Owners' Association, the Owners' Association shall have the right to either include the amounts in the Common Costs for

the upcoming Year or assess the Owner for the shortfall, and the Owner shall pay to the Owners' Association such additional amounts at the time or times required by the Owners' Association.

3.6 Payment for Irregular Periods

All amounts shall be deemed to accrue from day to day and, if for any reason it shall become necessary to calculate any sums for irregular periods of less than one year or one month, as the case may be, an appropriate pro rata adjustment shall be made on a daily basis in order to compute such amounts for such irregular period.

3.7 Place of Payment

All payments required to be made to the Owners' Association pursuant to this Agreement shall be made at the address of the Owners' Association referred to in Section 19.10 unless otherwise directed by the Owners' Association. At the request of the Owners' Association, the Owner shall establish an automatic pre authorized payment plan that will be used to make payments due under this Agreement.

3.8 Special Levies

- (1) In order to pay for Common Costs not payable from the Operating Budget or the Contingency Reserve Fund, or to raise monies in addition to those two funds, the Owners may, by Special Resolution, approve a Special Levy which shall be payable by all Owners in accordance with Section 3.1.
- (2) The resolution approving the Special Levy must state the following:
 - (a) the purpose(s) for which the funds are to be used;
 - (b) the date or dates when the Special Levy is due and payable; and
 - (c) what is to happen to any funds not used for the purpose(s) of the Special Levy.

3.9 Contingency Reserve Fund Contributions

- (1) The annual contribution to the Contingency Reserve Fund by the Owners shall be determined at the annual general meeting in accordance with this section unless changed by way of a Unanimous Resolution.
- (2) The contribution of each Owner toward the Contingency Reserve Fund shall be calculated as follows:
 - (a) A Contingency Reserve Fund will be established by the Owners' Association to pay for Common Costs that usually occur less often than once a Year or do not usually occur. The Contingency Reserve Fund will be not less than 5% of the estimated Common Costs after the first annual general meeting of the Owners' Association, and the annual contribution thereafter is required to be at least 10%

of the total contribution to the funds for Common Costs for each Year until the Contingency Reserve Fund is at least equal to 25% of the total annual budget contribution to the fund for Common Costs for the immediately preceding fiscal Year, at which time the Owners' Association can approve a different amount. The Developer, while required to pay its share of the Common Costs of the unsold Shared Interests owned by the Developer, will not be making the minimum contribution to the Contingency Reserve Fund of 5% of the estimated Common Costs as required under the *Strata Property Act* (British Columbia), which does not apply to the Resort Lands.

- (3) The Owners' Association shall hold in trust, in an interest-bearing account, the Contingency Reserve Fund on behalf of the Owners.
- (4) The Owners' Association may spend money from the Contingency Reserve Fund without the approval of the Owners in order to enforce its rights under this Agreement.
- (5) Expenditures from the Contingency Reserve Fund (other than those authorized elsewhere in this Agreement) must be approved by the Owners by way of a Special Resolution unless the expenditure is required, in the reasonable opinion of the board of directors of the Owners' Association, to meet an emergency.

3.10 **Financial Statements**

The Owners' Association shall prepare financial statements for each Year, arrange for a review engagement of the same by a qualified accountant, distribute the same to the Owners and keep on record such financial statements for each Year.

3.11 **Status Certificate**

- (1) The Owners' Association shall, at the request of an Owner or his, her or its authorized agent, provide, at the Owner's expense and within 30 days of such request, a certificate setting out the following:
 - (a) the amount of that Owner's Proportionate Share of the Operating Budget and the Contingency Reserve Fund for the current Year;
 - (b) any amount owing to the Owners' Association by the Owner;
 - (c) the amount, if any, by which the Common Costs for the current Year are expected to exceed the Operating Budget for the fiscal year;
 - (d) the amount of the Contingency Reserve Fund;
 - (e) any amendments to this Agreement;
 - (f) any notices that have been given for a Special Resolution that has not been voted on;

- (g) any Court proceedings by or against the Owners or the Owners' Association, of which it is aware; and
- (h) any Special Levy, the amount of which the Owner is required to pay.

3.12 **Certificate of Full Payment**

- (1) The Owners' Association, on the written application of an Owner to the Owners' Association, but no more than once in any Year, except as required for a bona fide sale of an Owner's Share, shall, within 14 days of the Owners' Association's receipt of the written application, issue a certificate indicating what monies, if any, are owing to it by the Owner.
- (2) In preparing the certificate, the Owners' Association may include arrears in contributions to the Operating Budget, Contingency Reserve Fund or any Special Levy and fines for breaches of this Agreement, the Bylaws, any other sums owed hereunder by that Owner and unsatisfied judgments against the Owner.

ARTICLE 4
PROPERTY

4.1 **Repair and Maintenance**

- (1) Subject to the terms of this part, the Owners' Association must repair and maintain the Common Items.
- (2) An Owner shall repair and maintain their Site and shall do so in accordance with the Bylaws.

4.2 **Repair and Maintenance of Common Items**

- (1) The Owners' Association shall ensure that all the Common Items are in good repair, good working condition and are safe for use by the Owners and others.
- (2) The Owners' Association may replace any of the Common Items or portions thereof if the replacement is reasonable taking into consideration the cost of repairing the item. Where the same exceeds the depreciated value of the item or market value at the time of the replacement (whichever is greater) then replacement is deemed to be reasonable.
- (3) If an item requires replacement then the Owners' Association shall use commercially reasonable efforts to sell the item being replaced for market value at the time of the replacement. The proceeds of the sale of the item shall be placed into the Contingency Reserve Fund.
- (4) Subject to Section 4.3, the Owners' Association may use the Contingency Reserve Fund or it may propose the passage of a Special Levy to pay for the cost of such a replacement.

4.3 **Major Renovation/Repair**

If the renovations, repairs, refurbishment, or replacement of a Common Item exceeds \$5,000 or has reached a cumulative total of \$15,000 for the Year, then the Owners' Association must obtain the approval of the Owners by Special Resolution to continue expenditures from the Contingency Reserve Fund or attempt to pass a Special Levy to raise additional monies, unless the Owners' Association, acting reasonably, deems such an action to be necessary to meet an emergency.

4.4 **Developer's Rights**

The Owners agree that the Developer has the exclusive right to use, enjoy and occupy the Lands, provided that Owners' shall have quiet enjoyment of their Site, subject to the terms of this Agreement. The Developer reserves the right, from time to time and for as many times as necessary, to exclude, by way of this right, Owners from accessing the portions of the Lands, including, but not limited to the Plan 10489 Lands and the Manufactured Home Park Area so as to permit the orderly development of the Phase 2 RV Sites and the Manufactured Home Sites.

ARTICLE 5
RIGHTS OF OWNERS

5.1 **Owner's Rights**

Each Owner shall have the following rights:

- (1) The exclusive right to use, enjoy and occupy their Site subject to the terms and conditions of this Agreement, provided that no Owner or any other person shall be permitted to occupy a Site in such a manner as to be domiciled on a Site or to make a Site a fixed and permanent home.
- (2) The right to rent their Site to a third party provided that the following criteria are met:
 - (a) An Owner who wishes to rent their Site must apply in writing to the Owners' Association for permission to do so; and
 - (b) An Owner granted such permission shall be responsible for and shall indemnify and save harmless the other Owners and the Owners' Association from all claims, charges, costs and expenses incurred by that third party or any person who is an invitee of that third party.
- (3) Notwithstanding subsection 5.1(2), the Developer may rent any Site owned by it without obtaining the prior permission of the Owners' Association.

ARTICLE 6
OWNER'S OBLIGATIONS

6.1 Owner's Duties

(1) An Owner shall:

- (a) not use the Resort Lands, the Common Items or their Site in a manner that will unreasonably interfere with the use and enjoyment of the same by other Owners, occupants or Day Guests;
- (b) not allow their Site to be used in a manner that will cause a nuisance or hazard to any other occupier of the Resort Lands or allow it to become unsanitary or an environmental hazard to the Resort Lands and hereby indemnifies all other Owners for damage and loss caused as a result of such use;
- (c) comply strictly with this Agreement including any Bylaws made pursuant to it;
- (d) promptly pay all monies due under this Agreement;
- (e) not use the Resort Lands or their Site for any illegal or unauthorized purpose;
- (f) permit the Owners' Association and its authorized agent(s) access to their Site at reasonable times with 48 hours' notice or, in the event of an emergency, at any time and without notice;
- (g) not build or permit to be built on a Site, any building or structure except in accordance with the Bylaws;
- (h) be a shareholder in good standing of the Owners' Association; and
- (i) not enter upon any other Owner's Site unless invited by such owner or is otherwise authorized to do so pursuant to this Agreement or the Bylaws.

6.2 Indemnity

Each Owner, based on that Owner's Proportionate Share, shall indemnify and save harmless the Owners' Association and its directors and officers from all claims and judgments against them pertaining to the Resort Lands for acts done in good faith.

6.3 Corporate Owner

Where a corporation is an Owner (the "**Corporate Owner**"), its principals (being the shareholders, directors and officers), hereby covenant and agree to use their best efforts to ensure that the Corporate Owner performs all of its obligations hereunder and they hereby shall, by becoming a party to this Agreement, either by signing below or by executing a joinder instrument, on a joint and several basis, covenant and agree to fully

perform any obligation of the Corporate Owner in the event that such Corporate Owner fails to perform the same.

ARTICLE 7 **NUISANCE**

7.1 Obligation not to Cause a Nuisance

An Owner will not cause, permit or suffer any nuisance in, on or about their Site or on the Resort.

7.2 Noise

Without limiting Section 7.1, an Owner will not permit any persons within the Site nor will it permit itself or any invitee of the Owner, to cause any noise, disturbance or disruption to other Owners, or their invitees, whether from the Site or the Common Areas or the Common Facilities.

7.3 Termination of Nuisance

Without limiting Sections 7.1 and 7.2, an Owner will, upon written notice from the Owners' Association or the Manager, abate any nuisance arising directly or indirectly out of the use or occupation of their Site or the Resort by the Owner, by any family member, Day Guest, Visitor, contractor, agent or invitee of the Owner or by any other person.

ARTICLE 8 **WASTE**

8.1 Obligation Not to Cause Waste

The Owner of a Site will not cause, permit or suffer the commission of any waste on their Site or on the Resort.

ARTICLE 9 **RUBBISH**

9.1 Obligations Relating to Refuse

Without limiting Article 7 or Article 8, an Owner will not cause, permit or suffer any refuse, rubbish or debris to be placed or left in, on or about their Site or the Resort, and will take all necessary precautions to protect their Site and the Resort against fire.

ARTICLE 10 **COMPLIANCE WITH LAWS**

10.1 Obligation to Comply with Applicable Laws

Each Owner will, at its expense, observe and perform all of its obligations under, and all matters and things necessary or expedient to be observed or performed by it, by virtue of

any applicable law, statute, by law, ordinance, regulation or lawful requirement of the federal, provincial or municipal government or authority or any public utility company lawfully acting under statutory power.

ARTICLE 11

ENVIRONMENT

11.1 General Obligations to Comply with Environmental Legislation

Without limiting the generality of Article 10 (Compliance With Laws), an Owner will at all times use and occupy their Site and the Resort in strict compliance with all applicable Environmental Laws.

11.2 Hazardous Substances

An Owner will not use or permit or suffer the use of their Site to generate, manufacture, refine, treat, transport, store, handle, dispose of, transfer, produce or process any Hazardous Substances except in strict compliance with Environmental Laws and with the prior written consent of the Owners' Association, which consent may be unreasonably and arbitrarily withheld.

11.3 Report of Release

Upon the Release of Hazardous Substances, or discovery of a Release of Hazardous Substances, by an Owner in, on or under their Site, the Owner will:

- (a) immediately deliver written notice to the Owners' Association or Manager and any appropriate Governmental Authority of the occurrence of the Release and details relating to the Release including, without limitation, the time of the Release, the estimated amount of Hazardous Substances which were released, and remedial action taken prior to the delivery of the notice, the remedial action which the Owner intends to take in order to contain or rectify the Release and any persons observed who appeared to have caused or who were in the vicinity of the Release;
- (b) at its own expense, immediately take all remedial action necessary, in compliance with all Environmental Laws, to fully rectify the effects of the Release;
- (c) provide the Owners' Association with an independent audit, satisfactory to the Owners' Association, of its activities under paragraph 11.3(b) and the state of their Site after such activities compared with the state of their Site prior to the Release; and
- (d) do such further activities as the Owners' Association may reasonably require, based on the audit referred to in paragraph 11.3(c), to rectify the Release.

11.4 **Removal of Hazardous Substances**

If requested by the Owners' Association or any Governmental Authority, the Owner will at its own expense remove from their Site any Hazardous Substances which are or have been located, stored or incorporated in, on or under their Site. Prior to any sale or transfer of a Share, the Owner will at its own expense remove from their Site any Hazardous Substances which are or have been located, stored or incorporated in, on or under their Site.

11.5 **Increased Risks**

An Owner will not carry out any operations or activities or construct any alterations or improvements which materially increase the risk of liability to the Owners' Association (whether direct or indirect) as a result of the application of Environmental Laws (as determined by the Owners' Association acting reasonably).

11.6 **Inspection**

The Owners' Association may, at any time, inspect an Owner's Site in order to assess the existence of any Hazardous Substances and to conduct an environmental site assessment, environmental audit or any other testing or investigations which the Owners' Association deems reasonably necessary in order to ascertain the compliance of the Owner's operation on their Site with Environmental Laws and to determine the extent of any contamination of their Site due to the presence of any Hazardous Substances in, on or under their Site. The reasonable costs to the Owners' Association of conducting any of the foregoing will be deemed to be payable by the Owner upon the Owners' Association delivering notice of its costs.

11.7 **Title to Hazardous Substances**

Each Owner acknowledges and agrees that, notwithstanding any rule of law to the contrary, any Hazardous Substances, which are located, stored or incorporated in, on or under their Site remain the sole and exclusive property of such an Owner and will not become the property of the other Owners of the Resort Lands regardless of any degree of affixation of the Hazardous Substances to the Site. This section will survive the expiration or earlier termination of this Agreement.

11.8 **Additional Rights**

Without limiting Article 11, upon:

- (a) the breach by an Owner of any provision contained in this Article; or
- (b) the Owners' Association becoming aware of a breach by an Owner of Environmental Laws with respect to their Site or the presence of any Hazardous Substances on, in or under their Site which is not present in strict compliance with Environmental Laws and which raises a material risk of liability to the Owners'

Association or other Owners of the Resort Lands, as determined by the Owners' Association,

such event will constitute a default for the purposes of Section 17.1 of this Agreement.

11.9 **Environmental Indemnity**

Each Owner hereby agrees to indemnify and save harmless the Owners' Association and the Owners from and against all claims, demands, actions, suits or other proceedings, judgments, damages, penalties, fines, costs, liabilities and losses (including any diminution in the market value of the Resort Lands, based on the highest and best use of the Resort Lands, as opposed to the uses permitted by this Agreement), sums paid in settlement of any claims, reasonable legal, consultant and expert fees or any costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any authority) which arise during or after an Owner's interest in the Resort Lands and are in any way based upon, arise out of or are connected with:

- (a) the presence or suspected presence of Hazardous Substances in, on or under their Site or in the soil, groundwater or surface water in, on, under or near their Site as a result of the actions or omissions of the Owner; or
- (b) the Release of any Hazardous Substances in, on or under their Site by or at the direction of the Owner,

unless the presence of the Hazardous Substances is solely attributable to the negligence or wilful misconduct of the Owners' Association. This indemnity will survive the expiration or earlier termination of this Agreement.

ARTICLE 12 **TRANSFER OF AN OWNER'S INTEREST**

12.1 **Procedure**

- (1) If an Owner is not in default under this Agreement, then that Owner may transfer, sell, assign or otherwise dispose of his, her or its Owner's Interest subject to:
 - (a) providing the Owners' Association with 21 days prior notice of the impending transfer of the Owner's Interest, except where such transfer is to a Permitted Transferee, in which case the Owner must provide the Owner's Association not less than 5 days prior notice;
 - (b) the transferor Owner and the transferee Owner executing an assignment and assumption agreement with respect to the Licence and this Agreement in the form prescribed by the Owners' Association (the "Assumption Agreement") and delivering the executed Assumption Agreement to the Owners' Association prior to the transfer; and

- (c) the transferor Owner transferring its Share in the Owners' Association and the transferee owner becoming a shareholder thereof.
- (2) If for any reason a transferee Owner does acquire title to a Share but has not executed the Assumption Agreement, then the transferor Owner will remain bound by this Agreement, and all of his, her or its obligations under this Agreement shall continue until such time as the transferee Owner executes the Assumption Agreement and delivers same to the Owners' Association. Thereafter, and subject to an express provision in this Agreement to the contrary, the transferor Owner will be released from any liabilities or obligations under this Agreement which arise after the completion of the sale to the transferee.
- (3) A transferee Owner who does not execute the Assumption Agreement shall not become a shareholder of the Owners' Association or be entitled to use the Common Facilities.
- (4) On the sale of his, her or its Owner's Interest, an Owner shall not have a claim either against the Contingency Reserve Fund or for a refund of contributions to the Operating Budget or a Special Levy.

ARTICLE 13

OWNERS' ASSOCIATION

13.1 Creation

An Owner will become a shareholder of the Owners' Association upon the Owners' Association receiving fully executed copies of the Assumption Agreement and instrument of transfer in respect of the Share. When all Shares for the Resort Lands have been issued, such number of issued Shares shall equal the number of voting Owners in the Owners' Association, and each Owner shall have one vote in the Owners' Association.

13.2 Duties of Owners' Association

The Owners' Association covenants and agrees with each Owner to control, manage and administer the Common Items for the benefit of all Owners. Specific obligations of the Owners' Association are contained in its Articles, a copy of which is attached to this Agreement as Schedule A. The rights and obligations of the Owners' Association shall be subject and subordinate to an Owner's rights under this Agreement.

13.3 Funding of Owners' Association

Each Owner acknowledges that the operations of the Owners' Association will be paid for by the Assessments. Each Owner covenants and agrees to pay all Assessments made by the Owners' Association when due. Such Assessments shall bear interest as provided for in this Agreement if not paid when due and shall afford the Owners' Association with all remedies available to them pursuant to this Agreement.

13.4 **Access**

The Owners' Association, and its agents, employees and contractors, shall have the right to enter upon the Sites and the Common Areas and Common Facilities to enable it to carry out its duties and responsibilities in connection with the Common Areas and Common Facilities.

13.5 **Right to Suspend/Disconnect Services**

Without limiting any right or remedy of the Owners' Association, if an Owner fails to pay an Assessment when due, the Owners' Association may, without notice, temporarily suspend or permanently disconnect that Owner's Site from any one or more service or utility that passes on, over, under or through any Common Area or Common Facility, to that Owner's Site including, without limitation, the provision of water, sewer, electricity or other service.

13.6 **Breach**

A breach or default by the Owners' Association of any obligation under this Agreement shall not give an Owner any right to avoid its obligations under this Agreement.

13.7 **Delegation**

The Owners' Association may, from time to time, delegate to the Manager or other person appointed by the Owners' Association all or any part of the Owners' Associations rights and obligations hereunder, including, without limitation, the right to grant approvals or consents, and may change such delegation from time to time.

13.8 **Corporate Governance/Directors**

Subject to Article 16, the Owners' Association shall have the number of directors set by Ordinary Resolution of the Owners from time to time. Only Owners, if individuals, and nominees of Owners, if Corporate Owners, shall be eligible to be elected directors of the Owners' Association.

ARTICLE 14
OWNERS' POWERS

14.1 **Powers**

- (1) Until the Expiry Date (as defined in Section 16.1), the powers of the Owners are subject to the Voting Trust Agreement provided for in Section 16.1 below.
- (2) The Owners may, by Ordinary Resolution, recommend and advise the Owners' Association in the exercise of its powers and performance of its duties, except in the collection of monies owing under this Agreement.

- (3) The Owners may, by Special Resolution:
- (a) borrow money jointly (with or without security) required by the Owners or the Owners' Association in the performance of their respective duties or the operation of the Resort Lands and the Common Items;
 - (b) secure the repayment of money borrowed jointly by them in relation to the Resort Lands and the payment of interest, by a security agreement over unpaid contributions, whether levied or not, provided that no Owner shall be obligated to give a personal guarantee or other security including a mortgage; and
 - (c) amend the Articles of the Owners' Association as further provided for and in accordance with the most current version of the Articles and the *Business Corporations Act*.

14.2 **Duties**

- (1) The Owners' Association shall only be authorized to carry out and exercise the duties, powers and rights set out in this Agreement and the Articles, The Owners irrevocably authorize and empower the Owners' Association to act as the agent and attorney in fact of the Owners to carry out such duties, powers and rights and to enforce the provisions of this Agreement against the Owners.
- (2) In addition to those duties set out elsewhere in this Agreement or under the Articles, and subject to any restrictions contained therein, the Owners' Association shall:
 - (a) obtain and maintain full replacement value insurance on the Common Items (including any buildings and structures situate thereon) and third party liability insurance of at least \$2 million;
 - (b) collect and receive all contributions by Owners toward the Operating Budget, the Contingency Reserve Fund and any Special Levy, deposit same with a savings institution and manage those deposits;
 - (c) pay the Common Costs as they become due;
 - (d) present at the annual general meeting a summary of all insurance policies in place;
 - (e) enforce the Bylaws in accordance with Article 17 herein;
 - (f) send to all Owners unaudited quarterly balance sheets and financial statements prepared in accordance with Section 3.10;
 - (g) keep, in one location, or in the possession of a designated person, and make available for inspection on request of an Owner or a person authorized by him or her:

- (i) a copy of this Agreement and any amendments to it and assignments thereof;
 - (ii) a copy of all agreements to which the Owners' Association (as agent) and/or the Owners themselves are a party, including without limiting the generality of the foregoing, contracts, insurance policies, insurance trustee agreements, deeds, agreements for sale, leases, licenses, easements or rights of way;
 - (iii) a copy of the Site Register, setting out the Site number, associated Share the name of the Owner(s) and the mailing address of the Owner(s);
 - (iv) all annual budgets approved by the Owners;
 - (v) proper books of accounts in respect of all sums of money received and expended by it, noting also the nature of each transaction; and
 - (vi) copies of all financial statements;
- (h) be responsible for the implementation of all decisions made pursuant to Article 15 and Section 16.3 of this Agreement;
- (i) ensure (to the best of its abilities) that:
- (i) the Resort Lands (including the Common Items) are managed and operated for the benefit of all Owners;
 - (ii) the Common Items are properly repaired and maintained year round;
 - (iii) sewer, water, electrical services, garbage pickup and any other services the Owners decide should be provided are provided to the Resort Lands and each Site; and
 - (iv) the Owners have access by automobile to their Sites.
- (3) Each Owner acknowledges that water service to the RV Sites is available only during the Summer Season, provided that such service is subject to weather conditions, such as unusually cold temperatures, that may require the early temporary or permanent shut off of the water to the RV Sites during the Summer Season.
- (4) The Owners' Association may charge a reasonable fee for the photocopying and delivery of copies of any documents to an Owner or his, her or its authorized agent.
- (5) All acts done in good faith by the Owners' Association, its officers and directors are, notwithstanding it is afterwards discovered that there was some defect in the appointment or continuance in office of an officer or director of the Owners' Association, as valid as if the officer or director had been duly appointed or had duly continued in office.

- (6) An officer or director of the Owners' Association who acts honestly and in good faith shall not be liable to the Owners or the Owners' Association and its shareholders for any act or omission of that officer or director.

ARTICLE 15

OWNERS' MEETINGS

15.1 Meetings

- (1) General meetings of the Owners' Association will be held at the time and place, in accordance with the Articles, that the Directors decide.
- (2) An annual general meeting shall be held once each year and not more than 15 months shall elapse between one annual general meeting and the next.

ARTICLE 16

DEVELOPER'S CONTROL

16.1 Voting Trust Agreement

Each Owner hereby covenants and agrees to execute a voting trust agreement in the form attached in Schedule E to this Agreement (the "**Voting Trust Agreement**") and to abide by the terms and conditions of the Voting Trust Agreement. The Voting Trust Agreements shall remain in full force and effect until no later than six months from the date (the "**Expiry Date**") that is the earlier of: (i) the Developer giving written notice to the Owners' Association of substantial completion of the last phase in the Resort which the Developer, in its sole discretion, elected to complete; and (ii) July 6, 2015. The Voting Trust Agreements shall automatically expire on the Expiry Date and the Owners shall thereafter vote their Shares in their sole discretion, in accordance with the Articles and the *Business Corporations Act*. For greater certainty, the Developer or its nominee shall, as of the Expiry Date, exercise voting rights only with respect to any Shares owned by the Developer.

16.2 First Directors of the Owners' Association

Subject to Section 16.1, the Owners shall cause the voting trustee(s) appointed under the Voting Trust Agreements to elect the Developer's nominee(s) to act as director(s) of the Owners' Association and such director(s) shall hold office for a term not exceeding three years. Thereafter, the director(s) of the Owners' Association shall be elected by the Owners at each annual general meeting in accordance with the procedure set out in the Articles.

16.3 **Powers**

- (1) The Owners' Association, on behalf of the Owners (in addition to those powers given to it elsewhere in this Agreement) may:
 - (a) if authorized by Special Resolution or elsewhere in this Agreement, purchase, lease or otherwise acquire new personal property for use by the Owners in connection with their enjoyment of the Resort Lands and the Common Facilities;
 - (b) if authorized by Special Resolution pursuant to paragraph 14.1(3)(a), borrow money required for the performance of its duties or the exercise of its powers;
 - (c) employ for and on behalf of the Owners and itself; such agents and employees it deems proper for the control, management and administration of the Common Items and the Resort Lands (the cost of which is to be included in the Operating Budget);
 - (d) enter into contracts on behalf of the Owners which pertain to its duties hereunder; and
 - (e) carry on other business activities ancillary to the operation of the Resort Lands (which are of benefit to the Owners).
- (2) Except where otherwise stated in this Agreement, all matters concerning the daily management and operation of the Resort Lands and the Common Items will be decided by the Owners' Association through its board of directors.

16.4 **Phases**

As each phase of the Resort is completed, the Owners of that phase will become shareholders of the Owners' Association, there being one Owners' Association for the entire Resort.

ARTICLE 17 **OWNERS' ASSOCIATION DEFAULT REMEDIES**

17.1 **Events of Default**

It shall be an Event of Default under this Agreement if an Owner (for purposes of this Article 17, a "Defaulting Owner"):

- (a) fails to pay any sum required to be paid by the Defaulting Owner when due under this Agreement, whether demanded or not or purports to set off, withhold or deduct any amount due;
- (b) fails to perform or observe any other term, agreement, condition, covenant, warranty or proviso of this Agreement (including without limitation the Schedules hereto and the Bylaws), whether demanded or not; or

- (c) fails to pay any Assessment when due to the Owners' Association, whether demanded or not.

17.2 **Rights and Remedies Upon Default**

Upon the happening of an Event of Default, the Owners' Association shall have the following rights and remedies, which shall be in addition to those rights and remedies established under the Bylaws and the Owners' Association, and the Owners' Association shall have discretion which right or remedy to rely upon:

(1) **Lawsuits**

The Owners' Association may recover from a Defaulting Owner, on behalf of all the Owners, in a Court, any sum of money owing pursuant to this Agreement. The Owners' Association is hereby irrevocably authorized to act as agent of the other Owners for that purpose. Should the Owners' Association be successful in the prosecution of the action or the defence of an action brought against it by a Defaulting Owner, it shall be entitled to be reimbursed by that Owner for its legal costs on a solicitor and own client basis. The Owners' Association may spend monies from the Contingency Reserve Fund with the approval of the Owners to prosecute or defend such an action.

(2) **Forced Sale of Owner's Interest**

- (a) The Owners' Association may (without further authorization), at any time there are monies owed pursuant to this Agreement, for which a demand for payment has been made pursuant to this paragraph 17.2(2)(b), take steps to sell and assign the Owner's Interest of the Defaulting Owner's to a third party purchaser.
- (b) Before the Owners' Association may take any steps to sell the Owner's Interest of a Defaulting Owner to a third party purchaser, it must give the Defaulting Owner written notice of its intention to do so and shall provide the Defaulting Owner 21 days to pay any monies owing to the Owners' Association, failing which it may proceed at once to offer the Owner's Interest for sale to a third party purchaser. (In the case of fines, paragraph 17.2(3)(c) shall have first been complied with).
- (c) The parties agree that the Owners' Association shall be entitled to its legal costs on a solicitor and own client basis.
- (d) Upon the sale of the Owner's Interest, the net sale proceeds after paying in the Owners' Association the debt due will be remitted to the Defaulting Owner. The directors shall not be liable for any loss suffered by the Defaulting Owner and a result of the directors acting as the agent for the Defaulting Owner in selling the Owner's Interest.
- (e) Each Owner hereby covenants and agrees to execute any instruments, documents and certificates and to undertake any acts as may be requested by the Owners' Association or its solicitors to validly transfer title to such Owner's Interest upon the occurrence of an Event of Default to which the provisions of this Section

17.2(2) apply. In the event that a Defaulting Owner does not deliver to the Owners' Association or its solicitors the instruments, documents or certificates required to be delivered in connection with any sale described in this Section 17.2(2), such Defaulting Owner hereby irrevocably constitutes and appoints any director, officer or employee of the Owners' Association as his, her or its true and lawful attorney to execute, for and in the name of, and on behalf of such Defaulting Owner, all such instruments, documents or certificates as may be necessary to effect the purchase and sale of its Owner's Interest. Such appointment and power of attorney, being coupled with an interest, shall not be revocable by a Defaulting Owner nor terminated by the insolvency, bankruptcy, death, incapacity or dissolution of such Defaulting Owner, or otherwise by operation of law. The Defaulting Owner hereby ratifies and confirms and agrees to ratify and confirm all that such attorney may lawfully do or cause to be done pursuant to such power of attorney.

(3) Fines

(a) The Owners' Association may:

- (i) subject to paragraph 17.2(3)(c), impose fines in the amounts and at the frequency set out in the Bylaws against an Owner for any breach or continuing breach of this Agreement or the Bylaws by that Owner, their Immediate Family, Day Guest or any other person using or occupying their Site or the Common Items with the knowledge of the Owner;
- (ii) deprive an Owner of rights or privileges in relation to the use of all or some of the Common Items (such rights to be restored immediately upon cure of the breach and payment of any fines and legal costs); and
- (iii) in the case of an Event of Default which constitutes a default under the Bylaws, impose any fines or penalties as set out in the Bylaws;
- (iv) the Owners' Association may, but shall not be obliged to, itself observe and perform any covenant or agreement in respect of which an Owner has made default and for such purpose may enter onto their Site without liability to the Defaulting Owner, provided that such performance by the Owners' Association shall not in any way relieve the Defaulting Owner from its obligations and liabilities with respect to the performance of the covenant or agreement;
- (v) the Owners' Association shall have the right to collect from a Defaulting Owner any and all costs and expenses incurred by the Owners' Association in enforcing the covenants and agreements set out in this Agreement and in performing the covenants and agreements of the Owner set out in this Agreement, including without limitation legal fees as between solicitor and his or her own client, together with interest thereon

at the rate set out in Section 17.3 from the date that the costs and expenses are incurred to the date the same are paid by the Defaulting Owner; and

- (vi) the Owners' Association shall be entitled to such other rights and remedies as may be available to it pursuant to this Agreement, at law or in equity, including without limitation rights of distress, the right to claim damages against an Owner and the right to seek and obtain injunctive or other equitable relief upon the happening of an Event of Default.
- (b) Each Owner agrees to pay to the Owners' Association on demand, any amounts levied in accordance with paragraph 17.2(3)(a).
- (c) Before levying a fine against an Owner, the Owners' Association shall advise the Owner of the particulars of the allegations against him and the intention of the Owners' Association to impose a fine, and provide the Owner a period of 14 days within which to provide a written reply or to request a hearing before the Owners' Association's board of directors. A hearing must be held within 30 days and may be done by telephone conference call.

17.3 **Interest**

Any money payable under this Agreement which is not paid by an Owner when due shall bear interest until paid at a rate of 3% per annum above the prime commercial lending rate for demand loans from time to time designated by the main branch of the Owners' Association's bank or credit union, compounded semi-annually not in advance. A certificate issued by the manager of the said bank or credit union shall be conclusive evidence of the rate of interest in effect from time to time.

17.4 **Non-Waiver**

No condoning, excusing or overlooking by the Owners' Association or an Owner of any default, breach or non-observance by the other in respect of any covenant, proviso or condition herein contained shall operate as a waiver of the Owners' Association's or an Owner's rights hereunder in respect of any continuing or subsequent default, breach or non observance or so as to defeat or affect in any way the rights of the Owners' Association or an Owner in respect of any continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Owners' Association or an Owner, save only express waivers in writing.

ARTICLE 18 **ADDITIONAL PHASES AND SITE PLAN**

18.1 **Additional Phases**

The Developer intends to develop and market the current and planned future RV Sites over four phases. The Phase 1 RV Sites and planned Phase 2 RV Site and Phase 3 RV Sites are shown on the Site Plan. The fourth phase may involve the development of the Manufacture Home Park Area at the sole discretion of the Developer. The Developer

reserves the right not to proceed with any phase other than the Phase 1 RV Sites, to reconfigure the future RV Sites and elect in which order it develops any future RV Sites.

The Developer may sell, for its own account, the House located on the Parcel A Lands following which the House will be removed from the Parcel A Lands. Following the removal of the House, the Developer may create up to three additional RV Sites to be located on the Parcel A Lands. Alternatively, and subject to the Developer obtaining all the House may be retained as the Manager's residence and/or a portion of the House may be converted as a Common Facility, all at the discretion of the Developer.

The Owners agree that the Developer may, with notice to the Owners but without the consent of the Owners, amend this Agreement and the Site Plan as required to reflect the inclusion of new Sites, provided that an Owner's Site will not be altered nor shall any Owner's quiet enjoyment of their site be interfered with. As additional phases of the Resort are developed, the Common Areas and Common Facilities of a prior phase shall be extended to include Common Areas and Common Facilities within such additional phases, and the Owners of the Sites in any additional phase shall have the same rights to use the Common Items as held by Owners of Sites in a prior phase.

The Owners acknowledge and signed that the Developer may cause the Plan 10489 Lands to be consolidated with the Parcel A Lands.

ARTICLE 19

GENERAL PROVISIONS

19.1 Limited Rights

This Agreement does not create any interest (including that of a tenancy) in the Resort Lands and no subdivision of the Resort Lands shall have been effected or deemed to be effected by this Agreement. Nor does this Agreement create a partnership or other similar relationship amongst and between the Owners.

19.2 Legend on Share Certificates

All share certificates issued by the Owners' Association (including existing certificates) shall have typed or otherwise written thereon the following legend:

“The shares represented by this certificate are subject to the provisions of an agreement dated June 15, 2010 among the shareholders of the Company, which agreement contains restrictions on the right of the holder hereof to sell, exchange, transfer, assign, gift, pledge, encumber, hypothecate or otherwise alienate the shares represented hereby and notice of those restrictions is hereby given.”

19.3 **Entire Agreement**

This Agreement and the Schedules hereto are the entire agreement and understanding among the parties hereto and supersede all prior agreements (whether oral or written), pertaining to the subject matter hereof. This Agreement may be amended and assigned in accordance with the provisions hereof and such amendments and revisions shall constitute part of the Agreement.

19.4 **Amendment**

This Agreement (other than an assignment of rights hereunder in accordance with Article 12) may only be amended by Special Resolution of the Owners (as at the time such resolution is passed). Upon passage of such resolution, all Owners shall be deemed to have agreed to the amendment.

19.5 **Waivers**

Any waiver of a term, provision or condition of this Agreement must be in writing and signed by all the Owners (as at the time of the waiver) to be effective. The waiver must state the particular provision or provisions being waived. No waiver of any one or more provisions shall be deemed to be a further continuing waiver of such terms, provisions or condition or any other term, provision or condition unless the waiver specifically so states. Neither the Owners' Association nor any director or officer thereof may waive compliance with a term, provision or condition of this Agreement.

19.6 **Enurement**

This Agreement shall enure to the benefit of and be binding upon each of the parties hereto and their respective executors, administrators, heirs, successors and permitted assigns.

19.7 **Arbitration**

Provided that a Court action pertaining to the interpretation of this Agreement or the determination of rights hereunder has not been commenced, an Owner may refer the dispute to arbitration pursuant to the terms of the *Commercial Arbitration Act*, R.S.B.C. 1996 c. 55. This section shall not apply to any matter or dispute arising under or in connection with Article 17 or Section 19.5 of this Agreement.

19.8 **Severability**

Should any part of this Agreement be declared or held to be invalid for any reason, such invalidity shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect and be constructed as if this Agreement does not contain the invalid provision.

19.9 **Time**

Time shall be of the essence of this Agreement and the transactions contemplated in this Agreement.

19.10 **Notice**

Any communication must be in writing and either:

- (a) personally delivered;
- (b) sent by prepaid, registered mail; or
- (c) sent by facsimile, e-mail or functionally equivalent electronic means of communication, charges (if any) prepaid confirmed by prepaid registered mail.

Any communication may be sent to an Owner at the address set out in the Site Registry or at any other address as the Owner may from time to time advise the Owners' Association by written communication given in accordance with this section. Any notice to be given hereunder to the Owners' Association shall be sufficiently given if delivered or sent by regular mail, postage prepaid to the Owners' Association's address on page 1 of this Agreement or to its Registered Office. Any communication may be sent to an Owner at the facsimile number or email address provided by the Owner to the Owners' Association from time to time. Any communication may be sent to the Owners' Association at the facsimile number or email address provided to the Owners by the Owners' Association from time to time. Any communication delivered to the party to whom it is addressed will be deemed to have been given and received on the day it is so delivered at that party's address, provided that if that day is not a Business Day then the communication will be deemed to have been given and received on the next Business Day. Any communication transmitted by facsimile or other form of electronic communication will be deemed to have been given and received on the day on which it was transmitted (but if the communication is transmitted on a day which is not a Business Day or after 3:00 p.m. (local time of the recipient)), the communication will be deemed to have been received on the next Business Day. Any communication given by registered mail will be deemed to have been received on the fifth Business Day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every communication must be effected by personal delivery, or by facsimile, e-mail or functionally equivalent electronic means.

19.11 **Further Documents and Assurances**

The Owners from time to time agree to provide such other documents and assurances as may be reasonably required to give full effect to the intent and meaning to this Agreement.

19.12 **Events Beyond A Party's Reasonable Control**

No party hereto shall be obligated to carry out a duty hereunder if doing so has been rendered impossible by events beyond that party's control including, without limiting the generality of the foregoing, war, riot, strikes and labour disruptions, unanticipated regulatory delays and acts of God, but excluding a lack of monies and events which could have reasonably been foreseen by that party. All times herein provided for shall be extended by the period necessary to cure a default resulting from such events and the party affected shall use all reasonable means to do so promptly.

19.13 **The Laws of British Columbia**

This Agreement shall be construed in accordance with the laws of the Province of British Columbia.

19.14 **Payments**

All payments herein shall be made by way of cash, cheque, bank draft or automatic withdrawal in Canadian currency.

19.15 **Execution in Counterparts**

This Agreement and any amendments and assignments may be executed in two or more counterparts and/or by facsimile each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19.16 **Headings**

Headings are inserted for convenience of reference only and shall not be considered in the interpretation of this Agreement.

19.17 **Independent Legal Advice**

Each of the parties hereto acknowledges having received or been given the opportunity to receive independent legal advice, including tax advice, with respect to the subject matter of this Agreement.

19.18 **Gender, Number and Other Terms**

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing gender include both genders, "or" is not exclusive and "including" is not limiting, whether or not non-limiting language (such as "without limitation" is used with reference thereto.

19.19 **No Contra Preferentum**

The language in all parts of this Agreement will in all cases be construed as a whole and neither strictly for nor strictly against any of the parties to this Agreement.

19.20 **Conflict**

If there is a conflict between the terms of this Agreement and the terms of the Articles, the terms of this Agreement shall prevail.

IN WITNESS WHEREOF the parties have executed this Agreement.

THE DEVELOPER

**RADIUM MOUNTAIN SR
DEVELOPMENTS LTD.**

Per: _____
Authorized Signatory

THE OWNERS' ASSOCIATION

**MOUNTAIN SHADOWS RESORT
OWNERS' CORPORATION**

Per: _____
Authorized Signatory

Individual Owner's Signature Page

SIGNED and DELIVERED by)
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in the presence of:)
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Name)
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Address)
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Occupation)

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Name:

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Occupation)

_____)
Name:

Corporate Owner's Signature Page

Corporate Owner

Authorized Signatory

Principals

SIGNED and DELIVERED by

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in the presence of:

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Name

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Address

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Occupation

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Name:

SIGNED and DELIVERED by

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Address

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Occupation

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Name:

SCHEDULE A

BYLAWS

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION
(The "Owners' Association")

BYLAWS

Introduction

The following Bylaws (the "Bylaws") are the Bylaws of the Owners' Association. These Bylaws shall remain valid until such time as they are rescinded, revised, added to or otherwise modified by the Owners' Association.

Definitions

In these Bylaws, any words and phrases beginning with a capital letter, that are not defined in these Bylaws, shall have the same meanings as defined in the Mountain Shadows Resort Owners' Corporation Articles (the "Articles"), and as defined in the Co-Ownership Agreement.

DUTIES OF OWNERS

1. An Owner shall:
 - a. permit the Owners' Association and its agents, at all reasonable times when given notice, except in cases of emergency, to enter his or her Site for the purpose of site inspection, and for the purpose of: maintaining, repairing or renewing pipes, wires, cables and ducts existing above, on or below the Site, and capable of being used in connection with the enjoyment of any other Site or common property, or for the purpose of maintaining, repairing or renewing Common Areas, Common Facilities or other assets of the Owners' Association, or for the purpose of ensuring the Bylaws are being observed;
 - b. permit, at any given time, only one recreation vehicle to be located on an RV Site, but is allowed in addition, one tent designed to accommodate not more than four persons on the RV Site, provided that such tent is placed near the back of the RV Site;
 - c. place all garbage and other waste material in the receptacles provided in the Resort;
 - d. ensure that all recreation vehicles have a sewer connection which seals tightly to the sewer service connection provided on each RV Site;
 - e. repair and maintain his or her Site, including the mowing and fertilizing of green areas within his or her Site;
 - f. use and enjoy the Common Areas, Common Facilities or other assets of the Owners' Association in a manner that will not unreasonably interfere with the use

and enjoyment by other Owners, their families or Visitors, Day Guests, occupants, agents, servants, licences or invitees;

- g. itself or ensure that a Visitor or Day Guest be responsible for the conduct of their children on the Resort premises, and that all young children be accompanied by an adult when using the Common Facilities, Common Areas, and amenities of the Resort;
- h. notify the Owners' Association not less than 21 days prior to any change of ownership or other dealing in connection with his or her Site, and must obtain written confirmation from the Owners' Association prior to the change of ownership of his or her Site, confirming that no amounts are owing by him or her to the Owners' Association in respect of his or her Site;
- i. comply strictly with these Bylaws, and all other bylaws of the Owners' Association, and with rules and regulations adopted from time to time;
- j. permit all landscaping and maintenance of landscaped areas surrounding the Site to be carried out by contractors employed by the Owners' Association, and the Owner will not him or herself trim, cut or in any way alter or interfere with such landscaping;
- k. register all Visitors, Day Guests and other occupants with the Manager upon arrival, with overnight guests additionally filling out the registration form provided by the Owners' Association;
- l. have campfires only in designated fire or barbeque pits which must be first approved by the Owners' Association, who will take into account, without limitation, their size, appearance and location;
- m. observe quiet hours from 11:00 p.m. to 7:00 a.m., with any noise producing equipment, such as generators, televisions, radios, tape or CD players, to be restricted in their time and operation for the mutual comfort and pleasure of all Owners, Visitors or Day Guests so as to never constitute a nuisance to other users of the Resort;
- n. ensure that, for emergency purposes, his or her Site number is highly visible from the road at all times;
- o. when necessary, bring complaints to the attention of the Manager of the Owners' Association;
- p. itself or ensure that a Visitor or Day Guest ride motorcycles, scooters or all terrain vehicles within the Resort solely for transportation, not pleasure, between the Resort office or entrance to the Resort and the Owner's Site;

- q. comply with all applicable laws, including, but not limited to, the *Motor Vehicle Act* (British Columbia) which is in full force and effect for all roads and parking areas within the Resort; and
- r. itself or ensure a Visitor or Day Guest of the Resort leaves all Common Areas, Common Facilities and Common Items in a clean and sanitary state after their use.

DUTIES OF MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

2. The Owners' Association shall:

- a. control, manage and administer the Common Areas, Common Facilities and other Common Items of the Owners' Association for the benefit of all Owners;
- b. make lawn mowers and other equipment available for use by Owners;
- c. encourage recycling, and will provide recycling bins in various locations throughout the Resort;
- d. keep in a state of good and serviceable repair and properly maintain the fixtures and fittings, including the recreational facilities, if any, and other apparatus and equipment used in connection with the Common Areas, Common Facilities and other Common Items of the Owners' Association;
- e. maintain all Common Areas, both internal and external, including, but not limited to, lawns, gardens and parking areas;
- f. maintain and repair, including replacement where reasonably necessary, pipes, wires, cables, chutes and ducts for the time being existing in the Resort and capable of being used in connection with the enjoyment of more than one Site, Common Areas or Common Facilities;
- g. on the written request of an Owner of a Share, produce to him or her, or a person authorized in writing by him or her, the insurance policies effected by the Owners' Association and the receipts for the last premiums;
- h. collect and receive all Maintenance Payments paid by the Owners and deposit the same with a financial institution;
- i. pay all sums of money properly required to be paid on account of all services, supplies and assessments pertaining to, or for the benefit of, the Owners' Association;
- j. observe and perform the Articles and enforce the terms and conditions of the Shareholders Agreement; and

- k. comply with these Bylaws, and all applicable laws.

POWERS OF MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

3. The Owners' Association may:

- a. purchase, hire or otherwise acquire personal property for use by Owners in connection with their enjoyment of Common Areas, Common Facilities or other Common Items of the Owners' Association;
- b. borrow money required by it in the performance of its duties or the exercise of its powers;
- c. secure the repayment of money borrowed by it, and the payment of interest, by negotiable instrument or mortgage of unpaid contributions, whether levied or not, or mortgage of any property vested in it, or by combination of those means;
- d. invest as it may determine in separate accounts money in the fund for administrative expenses, or in the Contingency Reserve Fund;
- e. make an agreement with an Owner or occupier of a Site for the provision of amenities or services by it to the Site or the Owner or occupier;
- f. grant an Owner the right to exclusive use and enjoyment of all or part of the Common Areas or Common Facilities, or special privileges for them, the grant to be on terms established by the Owners' Association;
- g. make rules and regulations it considers necessary or desirable from time to time in relation to the enjoyment, safety and cleanliness of the Common Areas, Common Facilities or other Common Items, or other assets of the Owners' Association;
- h. do all things necessary for the enforcement of the Articles, the Bylaws and the Co-Ownership Agreement and the rules and regulations of the Owners' Association, and for the control, management and administration of the Common Areas, Common Facilities, Common Items or other assets of the Owners' Association, generally, including removing privileges in the use of certain facilities, or fixing and collecting fines for contravention of the Bylaws, rules or regulations;
- i. prohibit, at any time, the building of fires when weather or other conditions are considered unsuitable and represent a fire hazard;
- j. determine the levy for the Contingency Reserve Fund, which shall not be less than 5% of the total annual budget, until the reserve reaches an amount that the Owners' Association considers sufficient having regard to the type of buildings and other Common Items that are part of the Resort, and thereafter raise further

amounts for replacements of funds from time to time and over a period of time as the Owners' Association thinks fit;

- k. join any organization serving the interests of Owners' Associations and assess the membership fee in the organization as part of the common expenses;
- l. prohibit the consumption of alcohol in its entirety on any Common Areas and Common facilities within the Resort;
- m. limit, in order to prevent over-use of the Resort, the number of Visitors or Day Guests visiting on any individual Site; and
- n. require Owners, Visitors and Day Guests to remove unruly, loud and/or misbehaving animals from the Resort and to detain roaming pets, and may, if necessary, remove such animals from the Resort without notice.

DIRECTORS

- 4.
 - a. The powers and duties of the Owners' Association shall, subject to any restriction imposed or direction given at a general meeting, be exercised and performed by the directors of the Owners' Association.
 - b. The Developer shall exercise the powers and duties of the directors until the directors are elected by the Owners.

FINES/INFRACTIONS

- 5.
 - a. An infraction or violation of these Bylaws, or any rules and regulations established under them on the part of an Owner, his or her employees, agents, invitees or tenants may be corrected, remedied or cured by the Owners' Association. Any costs or expense so incurred by the Owners' Association shall be charged to that Owner and shall be added to and become a part of the assessment of that Owner for the month next following the date on which the costs or expenses are incurred, but not necessarily paid by the Owners' Association, and shall become due and payable on the date of payment of the monthly assessment.
 - b. The Owners' Association may recover from an Owner by an action for debt in a court of competent jurisdiction, money which the Owners' Association is required to expend as a result of an act or omission by the Owner, his or her employees, agents, invitees or tenants, or an infraction or violation of these Bylaws or any rules or regulations established under them:

- i. Following a letter of warning, and unless otherwise stated in the bylaws, the fine for a violation of the bylaws or any rules and regulations established by the directors or committee of the Owners' Association is \$100.00 per violation;
- ii. Outstanding fines for violations are payable for each month the fine is outstanding and will increase in proportion of the following schedule:

<u>Month</u>	<u>Fine</u>	<u>Total Due</u>
1 st	\$100.00	\$100.00
2 nd	\$200.00	\$300.00
3 rd	\$300.00	\$600.00

- iii. Fines for the 2nd and subsequent violations of the same bylaw or rule by the same person are cumulative and as follows (to a maximum of \$2,000.00/month):

2nd violation \$ 250.00
3rd violation \$ 500.00
4th violation \$1,000.00
5th violation \$2,000.00

- iv. Any fines levied by the Owners' Association for an infraction or violation of these Bylaws or any rules and regulations established under them on the part of an Owner, the Owner's employees, agents invitees or tenants:
 - A. must be charged to the Owner; and
 - B. must be added to and become a part of the assessment of that Owner for the month next following the date on which the infraction occurred and become due and payable on the date of payment of the monthly assessment;
- v. The Owners' Association may recover from an Owner, by an action for debt in any court of competent jurisdiction, any sum of money which the Owners' Association is required to expend as a result of any act or omission by the Owner, their employees, agents invitees, or tenants, which violates these Bylaws, and these shall be added to any amount found due, all costs of such action including costs as between solicitor and client.

PROHIBITIONS

- 6. An Owner shall not:

- a. use his or her Site for any purpose which may be illegal or injurious to the reputation of the Resort;
- b. make undue noise in or about any Site, the Common Areas or Common Facilities;
- c. itself or permit a Visitor or Day Guest to indulge in loud or boisterous conduct that interferes with the enjoyment of other Owners, Visitors and Day Guests of the Resort;
- d. enter or interfere with another Owner's Site unless permitted by such Owner;
- e. subject employees, contractors or agents of the Developer or the Owners' Association to an Owner's individual direction or control;
- f. itself or permit a Visitor or Day Guest to sell goods or services within the Resort without the prior approval of the Owners' Association;
- g. itself or permit a Visitor or Day Guest to post anything, including a sign such as a "For Sale" sign, on any Resort bulletin board or elsewhere within the Resort without first obtaining permission from the Owners' Association;
- h. use his or her Site, or permit the same to be used, in a manner or for a purpose that will cause a nuisance or hazard to any occupier of a unit, whether an Owner or not, or that is in contravention of any law applicable to the Site, or that will result in any unusual or objectionable noise or odour to emanate from the Site, or that is inconsistent with the intent of these Bylaws;
- i. itself or permit a Visitor or Day Guest to dry clothes outside or make use of clothes lines, except for the unobtrusive drying of bathing suits and towels;
- j. itself or permit a Visitor or Day Guest to gather or cut wood or other vegetation within or in the immediate vicinity of the Resort;
- k. allow the consumption of alcohol by any person under 19 years of age, or allow irresponsible consumption of alcohol of any person 19 years of age and older;
- l. itself or permit a Visitor or Day Guest to ride a bicycle after dusk, unless the bicycle is equipped with a light and reflectors;
- m. itself or permit a Visitor or Day Guest to travel above the speed limit, which is 10 km per hour, or allow itself or a Day Guest to park, in any circumstances, anywhere other than the designated parking areas;
- n. itself or permit a Visitor or Day Guest to make any major repairs or adjustments to motor vehicles on the Resort premises;
- o. itself or permit a Visitor or Day Guest to park boat trailers or other utility trailers anywhere other than in designated storage areas, in any circumstances;

- p. itself or permit a Visitor or Day Guest to allow pets (including cats) outside or off of a leash, at all times (including night), or allow pets in any Common Area, Common Facilities, or New Common Facilities, and must dispose of all pet waste immediately to a garbage receptacle, in or outside of the Resort;
- q. itself or permit a Visitor or Day Guest to use the Common Areas or Common Facilities for private parties without authorization in advance from the Owners' Association accompanied by the applicable user fee, potentially accompanied by a refundable deposit; or
- r. itself or permit a Visitor or Day Guest to smoke in or around the Common Areas or Common Facilities, except as designed by the Owners' Association.

DAY GUEST PROHIBITION

- 7. In addition to other applicable provisions within these Bylaws or other applicable laws, a Day Guest shall not use the facilities of the Resort unless accompanied by the Owner or registered Visitor, and, in any circumstances and at any time, the number of Day Guests is limited to a maximum of 4 persons per Owner or registered Visitor, unless prior approval is given by the Owners' Association.

RECREATION, COMMON FACILITIES AND EQUIPMENT

- 8. Common Areas, Common Facilities and Common Items are for the sole use of Owners, Visitors and Day Guests of the Resort.

PROMOTION

- 9. During the time that the Developer owns one or more Shares, the Developer shall have the right to maintain one or more Sites or the House Site as display Sites, and to carry out sales functions as the Developer considers necessary, including placing and maintaining exterior signage and access to Common Areas and Common Facilities, to enable to the Developer to sell Shared Interests attached to Sites in the Resort.

MAINTENANCE PAYMENTS

- 10. a. Monthly maintenance payments are due and payable on or before the first day of each month. Maintenance fees not received by the 10th of the month in question may be subject to a fine of \$50.00 for each month or portion thereof.

- b. When arrears aggregate three monthly maintenance payments a may be placed on the Site involved at the Owner's expense for the total monies due, including all legal and other expenses.

DISTURBANCE OF OTHERS

- 11.
 - a. No unreasonable amount of noise shall be made in or about the Site or on the Common Areas or Common Facilities which, in the opinion of the Owners' Association, interferes with the enjoyment by others of other Sites or the Common Areas or Common Facilities.
 - b. An Owner shall not operate his or her barbecue in a manner which, in the opinion of the Owners' Association, interferes with another Owner's enjoyment of his or her Site.
 - c. Cycling on Common Areas or Common Facilities other than the roadways and designated trails is prohibited.
 - d. Carpentry or similar alterations shall be limited to the hours between 8:00 a.m. and 8:00 p.m., Monday through Saturday inclusive.

HAZARDS

- 12.
 - a. Fire hazards must be minimized. No item shall be brought onto or stored in a Site or the Common Areas or Common Facilities which will in any way increase or tend to increase the risk of fire or the rate of fire insurance or any other insurance policy held by the Owners' Association, or which will invalidate any insurance policy.

CLEANLINESS

- 13.
 - a. All households refuse and recycling material shall be secured in suitable plastic bags or recycling containers and taken to the common garbage or recycling containers.
 - b. Any waste material other than ordinary household refuse and normally collected recycling materials shall be removed by the individual Owner or occupant of the Site.
 - c. There shall be no smoking within the Common Areas or Common Facilities, except as designated by the Owners' Association.

- d. No garbage, residue from barbecues, or other material shall be permitted to accumulate on decks, on or beneath the surface boards or any improvements on a Site.

DAMAGE TO PROPERTY

- 14.
 - a. Where the Owners' Association is required to enter a Site for the purpose of maintaining, repairing, or renewing pipes, wires, cables, and ducts for the time being existing in the Unit and capable of being used in connection with the enjoyment of any other Unit or the Common Areas or Common Facilities, the Owners' Association and its agents shall in carrying out any work or repairs do so in a proper and workmanlike manner and shall make good any damage to the Site occasioned by such works and restore the Site to its former condition, leaving the Site clean and free from debris.
 - b. An Owner or occupant shall not cause damage to trees, plants, bushes, flowers or lawns and shall not place chairs, tables or other objects on lawns or grounds so as to damage them or prevent growth.

MOVING AND RESALE

- 15.
 - a. It will be the express responsibility of the Owner to ensure that all moves in or out of the Resort by the Owner conform to the regulations as established by the Owners' Association from time to time.
 - b. No advertising for the resale or rental of a Site shall be permitted within the boundaries of the Resort without the prior consent of the Owners' Association.
 - c. The Owners' Association shall provide for a central resale directory board (the "Directory"), and shall ensure that individual resale signage is restricted to notification in such Directory.

CONSTRUCTION OF DECKS, SHEDS, GAZEBOS AND PRIVACY SCREENING

- 16. Owners are permitted to construct the above items provided that they comply with the "Construction Regulation" set out by the Owners' Association, as attached hereto as "Appendix A", provided that Owner's have first obtained the approval from the Owners' Association prior to the commencement of construction of any such improvement.
- 17. Set backs to adjoining site and roadways must be adhered to as set out in the "Construction Regulation".

18. Materials used and colouring (stains) must be adhered to as set out in the “Construction Regulations”.

DEFINITIONS

19. The following terms shall have the meanings set forth below:
 - a. “Developer” means Radium Mountain SR Developments Ltd., a corporation incorporated under the laws of Alberta;
 - b. “Directory” means the central resale directory board to be provided by the Owners’ Association, and to be located on the Resort Lands;
 - c. “Maintenance Payments” means an Owner’s contribution to Common Costs pursuant to the Articles, as defined in the Co-Ownership Agreement;
 - d. “Owner” means the holder of a Sublease;
 - e. “Owners’ Association” means the “Mountain Shadows Resort Owners’ Corporation”;
 - f. “Share” means the Shared Interest, as defined in the Co-Ownership Agreement;
 - g. “Site” means that portion of the Resort Lands identified as a site in the Articles pursuant to a Sublease;
 - h. “Unit” means an individual residence on a Sublease, and includes, but is not limited to, an individual residence on a Subleased on one of the House Site, the Manufactured Home Sites and the RV Sites; and
 - i. “Visitor” means any person, once registered pursuant to section 1(k) of these Bylaws, using and occupying the Site of an Owner or any of the Common Areas and Common Facilities and who is not Immediate Family to the Owner or a Day Guest.

“APPENDIX A”

Construction Regulations:

Site owners are permitted to add permanent structures to their Site such as decks, gazebos, tool sheds, trellises, provided that they are professionally constructed and conform to the regulations set out in Appendix “A”. IT IS STRONGLY RECOMMENDED THAT PROFESSIONAL CARPENTERS BE RETAINED WHEN CONSTRUCTING ANY PERMANENT STRUCTURES. The Manager will provide the names of local carpenters.

Requirements are:

- All structures shall be constructed using either Cedar or Douglas Fir lumber.
- All lumber is to be stained using Sansin Enviro Stain CL-0-Base (clear stain), with the exception of trim boards (soffits, fascia etc.) which are to be painted or stained a dark brown color
- Hardware such as hinges, railing, pickets , and other metal materials that are exposed are to be black in colour.
- Eave troughs, if used, must be a dark brown colour.
- Solar lighting for post caps, marking walkways is encouraged vrs incandescent or florescent lighting.
- Skirting of RV’s and Park Models shall be of a similar material and color as the unit being skirted.
- Roofing materials for sheds, covered deck area and gazebos must be either Cedar Shake Shingles or Asphalt Singles, Antique Brown or Sienna Blend (Rusty Brown Colour)

Specific Examples:

(1) Decks:

- (a) The size of the deck constructed is not limited other than it cannot encroach closer than .5 meters of the property line of the adjoining sites.
- (b) The area over the deck can be roofed in or have trellis installed providing the area enclosed is not more than 50% of the total deck area.
- (c) Roofed over deck areas can be screened but not glassed in.
- (d) Spindles for deck railing must either be wood (2”x2”) material similar to the decking or black metal spindles.

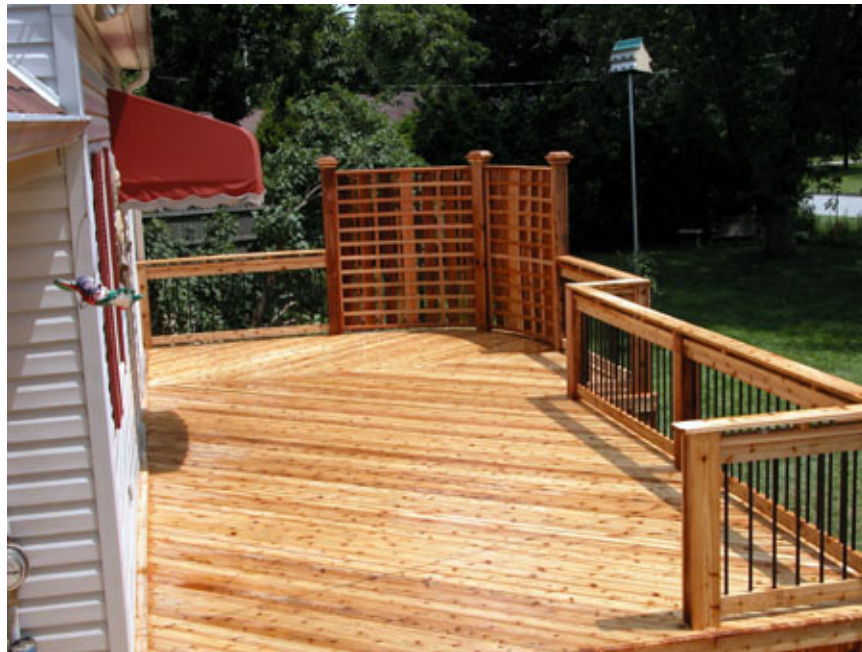
- (e) Skirting for decks (if required) must be 1" by 1" lattice, either natural wood stain or painted dark brown.

EXAMPLES OF DECKING:

Deck using 2" by 2" wood spindles



Deck Using Iron Spindles:



(2) Gazebos:

- (a) Can be either stand alone or incorporated as part of the deck area.
- (b) As with decks the gazebos cannot encroach closer than 1.5 meters to the adjoining property lines.
- (c) Gazebos can be screened in but not glassed in.
- (d) Roof materials can be either cedar shake shingles or Asphalt Shingles meeting colour specifications.



(3) Tool /Storage Sheds:

- (a) Tool or storage sheds cannot exceed 100 sq. Ft. in floor area.
- (b) Tool or storage sheds cannot encroach closer than 1.5 meters of the adjoining property lines.
- (c) Trim boards, fascia and soffits can be either natural stained wood or painted / stained dark brown.
- (d) Eave troughs, if used, must be a dark brown color.
- (e) Roof material can be either Cedar Shake Shingles or Asphalt Shingles meeting colour specifications.
- (f) Hinges and other door hardware must be black in color.



(Brown eave troughs not white)

(4) Privacy Screening:

Fences are not permitted however privacy screening may be erected on the deck areas or trees may be planted on the site to enhance privacy. (see photo Decks)



SCHEDULE B

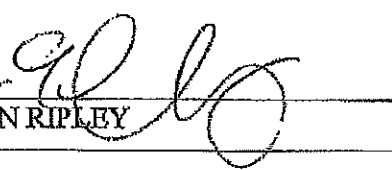
SITE PLAN

SCHEDULE C

ARTICLES

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION
(the "Company")

The Company has as its articles the following articles.

Full name and signature of each incorporator	Date of signing
 ELLEN RIPLEY	June 28, 2010

Incorporation number: BC0884697

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION
(the "Company")

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1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) "Bylaws" means the bylaws, rules and regulations adopted from time to time by the board of directors and relating to the use of the Lands, as may be amended from time to time in accordance with these Articles;
- (4) "Class A Common Shares" has the meaning as set out in Part 28;
- (5) "Class B Common Shares" has the meaning as set out in Part 29;
- (6) "Class C Dividend" has the meaning as set out in paragraph 30.2(a);
- (7) "Class C Preferred Shares" has the meaning as set out in Part 30;
- (8) "Common Areas" mean those portions of the Lands designated by the Company as Common Areas and includes all facilities on the Lands for use in common by all Owners, including all pipes, wires, cables, chutes, ducts or other facilities for the passage or provision of water, sewage, drainage, electricity, telephone, radio, television or communication services, garbage, roadways and sidewalks and visitor vehicle parking areas. Without limiting the foregoing, "Common Areas" includes "Common Facilities" defined in the Co-Ownership Agreement;
- (9) "Co-Ownership Agreement" means the agreement to which all shareholders of the Company must be a party to;
- (10) "Developer" means Radium Mountain SR Developments Ltd., a corporation incorporated under the laws of Alberta;
- (11) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (12) "Lands" means those lands legally described as Parcel Identifier: 012-923-061, Lot 1 District Lot 7913, Kootenay District Plan 10489, Parcel Identifier: 016-428-773, Parcel A

(See 1429711) of District Lot 7913, Kootenay District and Parcel Identifier: 010-241-493 Lot 1 District Lot 7913 Kootenay District Plan 14156;

- (13) "legal personal representative" means the personal or other legal representative of a shareholder;
- (14) "Owner" means the registered owner of an issued share in the Company and who is a party to the Co-Ownership Agreement;
- (15) "Owner's Site" means that portion of the Lands identified in the Co-Ownership Agreement which is associated with the Owner's share and is for the exclusive use of the Owner.
- (16) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (17) "seal" means the seal of the Company, if any;
- (18) "securities legislation" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; "Canadian securities legislation" means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and "U.S. securities legislation" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the *Securities Act of 1933* and the *Securities Exchange Act of 1934*; and
- (19) "Site" means any one, and "Sites" means all, of the existing or proposed sites described herein as may be identified on the Site Plan, as amended from time to time, and includes the Manufactured Home Sites and the RV Sites;

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

1.3 Co-Ownership Agreement Definitions Applicable

Capitalized terms not defined herein shall have the same meaning as set out in the Co-Ownership Agreement dated June 15, 2010 to which the Company is a party to.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

- (1) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;

- (2) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the directors.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6, 2.7 or 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property; or
 - (c) money, and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

[Intentionally Deleted]

4. SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Permitted Holders

Common shares in the authorized share structure of the Company may be held by the subscriber, the Developer or one or more Owners, provided that once a common share is transferred by the subscriber or the Developer that common share may only be held by an Owner.

5.2 Permitted Transfers

An Owner may only transfer a common share in the authorized share structure of the Company to a transferee if contemporaneously the transferee becomes a party to the Co-Ownership Agreement, provided that nothing herein modifies the requirements for assignment or transfer contained in the Co-Ownership Agreement. No person may acquire from a shareholder any interest in or right to a common share in the authorized share structure of the Company unless such person at the same time acquires an interest in the Sublease held by the shareholder.

5.3 Registering Transfers

Subject to the *Business Corporations Act*, a transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (1) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent or attorney who has actual authority to act on behalf of that person;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

5.4 Form of Instrument of Transfer

An instrument of transfer may be in any other form approved by the directors from time to time.

5.5 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.6 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, subject to the terms of these Articles, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.7 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.8 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of s. 87 of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 No Purchase, Redemption or Other Acquisition When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

7.2 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

The Company may not alter its shares or authorized share structure.

9.2 Special Rights and Restrictions

The Company may not, except by unanimous resolution create vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by special resolution authorize an alteration to its Notice of Articles in order to change its name and may, by ordinary resolution or directors' resolution, adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders to be held at such time and place as may be determined by the directors.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.5 Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is

set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;

- (e) the election or appointment of directors;
- (f) the appointment of an auditor;
- (g) the setting of the remuneration of an auditor;
- (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
- (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is three-quarters ($\frac{3}{4}$) of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders shall be persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 10% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

11.24 Order of Business

The order of business at general meetings, and as far as appropriate at any extraordinary general meeting, shall be:

- (a) electing the chairman of the meeting, if necessary;
- (b) creating a list of shareholders present and certifying proxies;
- (c) filing proof of notice of meeting or waiver of notice;
- (d) reading and disposing of any unapproved minutes;
- (e) receiving reports of committees;
- (f) considering the accounts;
- (g) electing directors, if necessary;
- (h) unfinished business;
- (i) new business; and

- (j) adjournment.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must be received:
 - (a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days

specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

- (b) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;
- (2) if a representative is appointed under this Article 12.5:
- (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.7 When Proxy Provisions Do Not Apply to the Company

If and for so long as the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.8 to 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.8 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.9 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
- (2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

- (1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at such meeting and any such determination made in good faith shall be final, conclusive and binding upon such meeting.

12.16 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*, and are appointed for an initial term of three (3) years. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then

the directors (subject to Article 14.8) may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director shall:

- (a) be the registered holder of a share in the authorized share structure of the Company, either solely or jointly with another shareholder;
- (b) be the nominee and a director or officer of a corporation which is the registered holder of a share in the authorized share structure of the Company; or
- (c) be a nominee of the subscriber or the Developer,

and in addition shall be qualified as required by the *Business Corporations Act* to become or continue to act as a Director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make

contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when his or her successor is elected or appointed; and
- (4) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11; or
- (5) the director ceases to be qualified to act as a director pursuant to Article 13.4.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity; and
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium,

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1 or as provided in Article 18.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director or, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors shall be a majority of the directors.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and during the intervals between meetings of the board of directors, all of the directors' powers are delegated to the executive committee, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;

- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment. An officer shall be a registered owner of a share in the authorized share structure of the Company.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act* and meets the criteria set out in Article 13.4(a) to (c). One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and
- (3) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Eligible Parties

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 Non-Compliance with Business Corporations Act

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former *Companies Act* or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;

- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity,

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividends

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;

- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

23. ACCOUNTING RECORDS AND AUDITOR

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23.3 Remuneration of Auditor

The directors may set the remuneration of the auditor of the Company.

24. NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

- (4) unless the intended recipient is the auditor of the Company, sending the record by e mail to the e mail address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) e-mailed to a person to the e mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e mailed on the day it was e mailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If on two consecutive occasions a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

- (1) "debt security" means any bond, debenture, note or similar instrument representing indebtedness, whether secured or unsecured; and
- (2) "security" has the meaning assigned in the *Securities Act* (British Columbia).

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities

No share or other transfer restricted security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

27. OWNERS' ASSOCIATION FUNCTIONS

27.1 Administer

Without limiting the duties, powers and authority of the Company, the Company shall abide by and administer the provisions of the Co-Ownership Agreement, shall control, manage and administer all the Common Areas and the Lands for the benefit of the Owners and shall enforce the Bylaws.

27.2 Specific Duties

Without limiting the foregoing the Company shall:

- (a) control, manage and administer the Common Areas for the benefit of all Owners;
- (b) keep in a state of good and serviceable repair and properly maintain the fixtures and fittings and other apparatus and equipment used in connection with the Common Areas or other assets of the Company;
- (c) maintain all Common Areas, both internal and external, including lawns, gardens, landscaped areas and parking areas;
- (d) maintain and repair, including renewal where reasonably necessary, pipes, wires, cables, chutes and ducts forming part of the Common Areas;
- (e) pay all sums of money properly required to be paid on account of all services, supplies and assessments pertaining to, or for the benefit of the Company;

- (f) obtain and maintain insurance on all buildings and improvements on the Common Areas, public liability insurance and such other types of insurance as may be determined from time to time by the board; and
- (g) remove privileges or fix fines for breach of the Bylaws.

27.3 Annual Budget

The board shall prepare a budget for each fiscal year of the Company setting out the estimated expense of the Company for that fiscal year and the required contributions under the Co-Ownership Agreement.

27.4 Bylaws

The board may recommend to the shareholders the enactment, repeal and amendment of Bylaws from time to time subject to the requirement in Article 27.5(c) for approval of the shareholders. The Bylaws shall provide for the control, management, administration, use and enjoyment of the Common Areas and the assets of the Company. The Bylaws shall not operate to prohibit or restrict an assignment or transfer of a Share in the Company, provided that the Bylaws may incorporate restrictions and regulations regarding the Owners Site or the Common Areas.

27.5 Matters Requiring Special Resolutions

Without limiting the matters requiring a special resolution pursuant to the *Business Corporations Act* or as otherwise provided in these Articles, the following matters may only be undertaken by the Company if prior approval by special resolution is given:

- (a) disposing all or part of the Common Areas, including without limitation granting any easement, restrictive covenant, right of way, sublease or licence of all or part of the Common Areas, provided that an easement or licence over part of the Lands benefiting any shareholder of the Company, or such shareholder's invitees, contractors or agents, may be granted by the Company, acting through its board, without approval or consent of the shareholders;
- (b) granting any mortgage, lien, trust deed or security interest charging any property of the Company; or
- (c) enacting, repealing or amending any Bylaw, including a Bylaw establishing fines or consequences for a breach of Bylaw.

27.6 Administrative Expenses

The board shall:

- (1) establish a fund for administrative expenses sufficient for the control, management and administration of the Common Areas and for the discharge of other obligations of the Company;
- (2) establish a contingency reserve fund as approved by special resolution of the shareholders;

- (3) determine the amount to be raised for the purposes set out in subparagraphs (1) and (2) and notify the shareholders of those amounts;
- (4) raise the amounts so determined by collecting such amounts as Common Costs pursuant to the Co-Ownership Agreement;
- (5) not, except in an emergency, authorize and expenditure exceeding \$1000 which was not set out in the annual budget of the Company, unless approved by special resolution of the shareholders;
- (6) when causing the Company to enter into a contract ensure that the contract relates only to the control, management or administration of the Common Areas or assets of the Company and ensure that the contract may be terminated, without penalty or damages, on six months' notice at the option and discretion of the shareholders by special resolution, or of the management company which manages the day to day affairs of the Company; and
- (7) establish a procedure for providing certificates advising of the status of a Share and any payments due thereunder.

27.7 Security Interest in Shares.

The Company shall at all times have a security interest in every share for all indebtedness and obligations of a shareholder to the Company, whether such indebtedness arises under the Co-Ownership Agreement, or otherwise.

27.8 Transfer on Termination

On the termination of a shareholder's share by the Company, such shareholder shall deliver to the Company a written instrument of transfer for the uncertificated share issued in respect of the Site for transfer by the Company to the next Owner of the Share.

28. SPECIAL RIGHTS AND RESTRICTIONS ON THE CLASS A COMMON SHARES

The Class A Common Shares without par value (the "Class A Common Shares") have attached to them the special rights and restrictions set out in this Part 28.

28.1 Voting Rights

The holders of the Class A Common Shares, as such, are entitled to receive notice of any meeting of shareholders of the Company and are entitled to vote at any such meeting in person or by proxy (except as required by law or by these Articles).

28.2 Dividends

- (a) Except as otherwise provided in these Articles and subject to the rights of the holders of any other class of shares of the Company entitled to receive dividends in priority to the holders of the Class A Common Shares, each holder of a Class A Common Share is entitled, as such, to receive on the date fixed for payment thereof and the Company will pay such dividends as the directors may in their sole and absolute

discretion declare from time to time out of the money or other property of the Company properly applicable to the payment of dividends.

- (b) It is hereby declared that dividends may be paid on the Class A Common Shares to the exclusion of any other class of shares entitled to dividends, or paid in different amounts on different classes of shares.

28.3 Winding Up

In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Class A Common Shares, as such, will, subject to the rights of the holders of any other class of shares of the Company entitled to receive assets of the Company upon such a distribution in priority to the holders of the Class A Common Shares, share in all remaining property and assets of the Company *pari passu* with the holders of the Class B Common Shares.

29. SPECIAL RIGHTS AND RESTRICTIONS ON THE CLASS B COMMON SHARES

The Class B Common Shares without par value (the "Class B Common Shares") have attached to them the special rights and restrictions set out in this Part 29.

29.1 Voting Rights

The holders of the Class B Common Shares, as such, are entitled to receive notice of any meeting of shareholders of the Company and are entitled to vote at any such meeting in person or by proxy (except as required by law or by these Articles).

29.2 Dividends

- (a) Except as otherwise provided in these Articles and subject to the rights of the holders of any other class of shares of the Company entitled to receive dividends in priority to the holders of the Class B Common Shares, each holder of a Class B Common Share is entitled, as such, to receive on the date fixed for payment thereof and the Company will pay such dividends as the directors may in their sole and absolute discretion declare from time to time out of the money or other property of the Company properly applicable to the payment of dividends.
- (b) It is hereby declared that dividends may be paid on the Class B Common Shares to the exclusion of any other class of shares entitled to dividends, or paid in different amounts on different classes of shares.

29.3 Winding Up

In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Class B Common Shares, as such, will, subject to the rights of the holders of any other class of shares of the Company entitled to receive assets of the Company upon such a distribution in priority to the holders of the Class B Common Shares, share in all remaining property and assets of the Company *pari passu* with the holders of the Class A Common Shares.

30. SPECIAL RIGHTS AND RESTRICTIONS ON THE CLASS C PREFERRED SHARES

The Class C Preferred Shares without par value (the "Class C Preferred Shares") have attached to them the special rights and restrictions set out in this Part 30.

30.1 Voting Rights

The holders of the Class C Preferred Shares, as such, are not entitled to receive notice of any meeting of shareholders of the Company and are not entitled to vote at any such meeting in person or by proxy (except as required by law or by these Articles).

30.2 Dividends

- (a) Subject to these Articles, each holder of a Class C Preferred Share is entitled, as such, to receive on the date fixed for payment thereof, and the Company will pay to that holder, a fixed, preferential, non-cumulative dividend (the "Class C Dividend") on each Class C Preferred Share he holds at such rate of the Redemption Amount as may be specified by the directors of the Company at the time the first Class C Preferred Share is issued for each fiscal year of the Company if, as and when declared by the directors out of the money or property of the Company properly applicable to the payment of dividends.
- (b) It is hereby declared that dividends may be paid on the Class C Preferred Shares to the exclusion of any other class of shares entitled to dividends, or paid in different amounts on different classes of shares.
- (c) Subject to these Articles, if the Class C Dividend or any part thereof on any Class C Preferred Share for any fiscal year is not declared by the directors pursuant to Article 30.2(a) by the end of that fiscal year it will be forever extinguished.
- (d) The Company will not:
 - (i) declare, pay or set apart for payment any dividend; or
 - (ii) make or pay any other distribution of any nature or kind whatever; or make any payment of any proceeds of redemption, proceeds of retraction, or purchase price;

on or in respect of any other class of shares in the Company at any time if the directors, on reasonable grounds, determine that the net realizable value of the Company's assets would, after the payment, be less than the total of: (1) the liabilities of the Company; plus (2) the amount that would then be payable on redemption of the issued and outstanding Class C Preferred Shares.

30.3 Company's Right to Redeem

- (a) The Company has the right, exercisable at any time and from time to time, to redeem, in whole or in part, the outstanding Class C Preferred Shares on the terms and subject to the conditions set out in these Articles.

- (b) Except with the consent of the holders of all the issued Class C Preferred Shares, the Company will only redeem Class C Preferred Shares pursuant to Article 30.3(a) on a *pro rata* basis among all holders of the Class C Preferred Shares in accordance with the number of Class C Preferred Shares held by each at that time.
- (c) Subject to Article 30.5(b), the Company must give notice to each person holding Class C Preferred Shares to be redeemed pursuant to Article 30.3(a) at least 10 days prior to the proposed redemption. Such notice may be given to the last address of such person as it appears on the books of the Company. The accidental failure to give such notice to any person will not affect the validity of the redemption as to any other holders.

30.4 Holder's Right of Retraction

- (a) Each holder of a Class C Preferred Share has the right, exercisable by him at any time and from time to time, to require the Company to redeem that Class C Preferred Share on the terms and subject to the conditions set out in these Articles.
- (b) Subject to Article 30.5(b), any holder of Class C Preferred Shares who wishes to exercise the right pursuant to Article 30.4(a) must give notice of such exercise to the Company and to each other holder of Class C Preferred Shares at least 15 days prior to the proposed redemption.
- (c) Subject to Article 30.5(b), if the Company has received notice pursuant to Article 30.4(b) from more than one holder of Class C Preferred Shares within a 15-day period, the Company must redeem the Class C Preferred Shares in respect of which such notice was given *pro rata* among such holders of Class C Preferred Shares.
- (d) Notwithstanding any other provision in these Articles, if a holder of Class C Preferred Shares at any time exercises its right pursuant to Article 30.4(a) to require the Company to redeem any of such Class C Preferred Shares, the Company will not be obligated to redeem such Class C Preferred Shares or any other Class C Preferred Shares redeemed pursuant to Article 30.4(c) to the extent that such redemption would render the Company insolvent after such redemption, or would be contrary to the solvency requirements or other provisions of applicable law. If the directors of the Company determine that the Company would not be solvent after such redemption, or would not be permitted by any of such requirements or other provisions to redeem such Class C Preferred Shares, the Company will give notice thereof to the holder of such Class C Preferred Shares and thereupon the Company shall only be obligated to redeem such Class C Preferred Shares to the extent of the maximum number that may be so redeemed as would not be contrary to such requirements or other provisions as determined by the directors of the Company.

30.5 Redemption Mechanics

- (a) Subject to Article 30.5(b), the Company will have no obligation to redeem any Class C Preferred Share pursuant to Article 30.4(a) until 15 days after the holder has given notice of the redemption to the Company.

- (b) Any person who is otherwise entitled to receive any notice pursuant to Article 30.3(c) or 30.4(b) may waive such notice or any of the requirements for that notice or the time for giving that notice and that waiver, whether given before or after redemption, will be effective for all purposes of these Articles and will cure any failure in respect of such notice, including without limitation, any failure to give that notice, to give the specified form of notice, or to give that notice by any particular date.
- (c) The Company will redeem the Class C Preferred Shares which are to be redeemed pursuant to the exercise of any right conferred pursuant to Article 30.3(a) or 30.4(a) on the date fixed for redemption by paying the Class C Redemption Amount in respect of those shares plus all declared but unpaid Class C Dividends thereon to the holder of those shares in cash or in kind on presentation and delivery of the certificate for that Class C Preferred Share or alternatively, in the discretion of the directors, an instrument of transfer acceptable to the directors at the registered office of the Company (or any other reasonable place accepted by the Company) or to an account for the holder if so permitted by Article 30.5(d).
- (d) If the Company exercises its right to redeem a Class C Preferred Share, the Company will have the right, but not the obligation, thereafter to deposit the amount payable on redemption for that Class C Preferred Share into an account in any chartered bank or any trust company in British Columbia or into a trust account with a lawyer in British Columbia if, at the date of such deposit, the certificate representing that share, or alternatively an acceptable instrument of transfer, has not been surrendered by the holder of that share in accordance with Article 30.5(c). In case of any such deposit, the Company will instruct that bank, trust company or lawyer, as the case may be, to pay the amount so deposited, without interest, to or to the order of the holder of that Class C Preferred Share upon presentation and surrender to the bank, trust company or lawyer of the certificate representing that Class C Preferred Share. Upon the date of that deposit or upon the date specified for redemption in the notice, whichever is later, that Class C Preferred Share to be redeemed will be redeemed and the rights of any holder of that Class C Preferred Share, as such, thereafter will be limited to receiving, without interest, the amount for that Class C Preferred Share so deposited against presentation and surrender of the certificate representing that Class C Preferred Share. Interest, if any, allowed on any such deposit will belong to the Company.
- (e) On and after the day the price payable for the redemption of any Class C Preferred Share is paid in full in the manner permitted by these Articles, the holder of that share will have no further right against the Company in respect of that share (including, without limitation, any right to any further Class C Dividend in respect of that share) and that share will be and be deemed to have been redeemed on the day the price is paid in full.
- (f) If less than all the shares represented by any certificate are to be redeemed, the Company will issue a new certificate for the balance of those shares at the expense of the Company.

30.6 Definitions

- (a) In these Articles, the term "**Class C Redemption Amount**" in respect of each Class C Preferred Share means the fair market value of the property (the "**Class C Relevant Transferred Property**") received by the Company in consideration for the issuance of that Class C Preferred Share (including the fair market value of any issued share of the Company exchanged for that Class C Preferred Share) computed as at the date such Class C Preferred Share was issued, net of the fair market value of any other consideration given by the Company for the Class C Relevant Transferred Property, and computed on a per share basis.
- (b) The directors, acting in good faith, shall be entitled at any time and from time to time to estimate the fair market value of the consideration transferred to the Company upon the issuance of a Class C Preferred Share and, based on such estimate, to designate an amount in accordance with Article 30.6(a) as the Class C Redemption Amount (the amount so designated is referred to in these Articles as a "**Class C Designated Redemption Amount**"). The most recent designation of the Class C Designated Redemption Amount made by the directors pursuant to these Articles shall be conclusive evidence at law and in equity as against all persons (including, without limitation, the Company, its creditors, trustees or other representatives, and all shareholders of the Company, and their respective successors and assigns) that the Class C Redemption Amount is equal to such Class C Designated Redemption Amount. For greater certainty, the following provisions will apply:
 - (i) Notwithstanding any prior designation of an amount as the Class C Redemption Amount, the directors of the Company, acting in good faith, will be entitled at any time and from time to time, by resolution, to designate an amount as the Class C Redemption Amount having regard to such advice or information as the directors, in their discretion, deem necessary or advisable regarding the actual fair market value of the Class C Relevant Transferred Property received by the Company in consideration for the issuance of that Class C Preferred Share, calculated as at the date of issue of that Class C Preferred Share net of the fair market value of any other consideration given by the Company for the Class C Relevant Transferred Property, and computed on a per share basis. Such advice or information may include, without limitation, any appraisal or other indication of value, or any relevant tax assessment or reassessment of the Company or any shareholder of the Company issued or proposed to be issued by the Minister of National Revenue for Canada or any other competent taxing authority, or any order or ruling of a court of competent jurisdiction.
 - (ii) If at any time the directors make any designation of the Class C Designated Redemption Amount in respect of any Class C Preferred Share pursuant to these Articles, then (regardless of whether any or all of the Class C Preferred Shares are then held by their original holders, and regardless of whether any or all of the Class C Preferred Shares are then outstanding):

- (A) the Class C Redemption Amount in respect of such Class C Preferred Share will be deemed for all purposes of these Articles retroactively and *nunc pro tunc* as of the date of issue of such Class C Preferred Share to be equal to that Class C Designated Redemption Amount, and such designation will supersede and replace any prior designation of a Class C Designated Redemption Amount in respect of that Class C Preferred Share;
- (B) any dividend declared on such Class C Preferred Share prior to such designation will be deemed to have been declared in accordance with the dividend entitlement provided in Article 30.2(a);
- (C) if such Class C Preferred Share has been redeemed or otherwise acquired by the Company, or for any other reason is no longer issued and outstanding, then the appropriate adjustments will be made between the parties, namely, either (A) the Company (or its successors or assigns) will pay to the last registered holder of that Class C Preferred Share the Class C Designated Redemption Amount less the amount previously paid to that holder upon the redemption or other acquisition of that Class C Preferred Share by the Company, or (B) the last registered holder of that Class C Preferred Share will repay to the Company (or its successors or assigns) the amount previously paid to that holder upon the redemption or other acquisition of that Class C Preferred Share by the Company less the Class C Designated Redemption Amount, depending on whether the Class C Designated Redemption Amount exceeds or is less than the amount previously paid to that holder upon the redemption or other acquisition of that Class C Preferred Share; and
- (D) to the greatest extent practicable, the Company and the holder of such Class C Preferred Share, and their respective successors and assigns, will make all other adjustments and take all steps as may be required as a result of such designation, such adjustments to be effective retroactively, *nunc pro tunc*, as of the date of issue of such Class C Preferred Share.

30.7 Winding Up

In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Class C Preferred Shares, as such, will, subject to the rights of the holders of any other class of shares of the Company entitled to receive assets of the Company upon such a distribution in priority to or concurrently with the holders of the Class C Preferred Shares, be entitled to receive from the assets of the Company a sum equivalent to the Class C Redemption Amount plus any declared but unpaid Class C Dividends in respect of all Class C Preferred Shares held by them respectively before any amount is paid or any assets of the Company are distributed to the holders of any Class A Common Shares or Class B Common Shares or shares of any other class ranking junior to the Class C Preferred Shares with respect to priority in the distribution of assets upon liquidation, dissolution

or winding up. After payment of the amount so payable to them as above provided, the holders of the Class C Preferred Shares will not be entitled to share in any further distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.

SCHEDULE D

THE OWNERS AND SITE NUMBERS

Site No.	Name(s) of Owner(s)
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Site No.	Name(s) of Owner(s)
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Site No.	Name(s) of Owner(s)
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Site No.	Name(s) of Owner(s)
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Site No.	Name(s) of Owner(s)
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Site No.	Name(s) of Owner(s)
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VOTING TRUST AGREEMENT

THIS AGREEMENT made as of _____, 2013.

BETWEEN:

RADIUM MOUNTAIN SR DEVELOPMENTS LTD., having
an office at Suite 2428, 246 Stewart Green SW, Calgary, Alberta,
T3H 3C8

(the “**Developer**”)

AND:

●, of ●

(the “**Owner**”)

WHEREAS:

- A. The Owner is or will be the registered and/or beneficial owner of one or more shares (the “**Shares**”) in the capital of Mountain Shadows Resort Owners’ Corporation (the “**Owners’ Association**”).
- B. Pursuant to section 16.1 of an agreement (the “**Co-Ownership Agreement**”) dated as of June 15, 2010, between the Owner, the Developer, the Owners’ Association and the parties listed in Schedule “D” of the Co-Ownership Agreement, such list being amended from time to time, the Owner has agreed to execute this Agreement and to abide by the terms and conditions set out herein.

NOW THEREFORE in consideration of the foregoing and of the mutual covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 VOTING TRUST

1.1 Power of Attorney

Marty Fletcher (the “**Voting Trustee**”) being the sole director of the Developer will from time to time issue or cause to be issued to the Owner directions in writing in respect of the Shares with respect to voting such Shares, in such a form, containing such terms and conditions as may be determined by the Developer, and the Owner will or will cause to be voted such Shares in accordance with said direction. Without limiting the generality of the foregoing, the Owner will deliver to the Voting Trustee an irrevocable power of attorney (the “**Power of Attorney**”) in the form annexed hereto as Schedule “A” on the date hereof. The Power of Attorney shall authorize the Voting Trustee, as attorney thereunder, to deal with all Shares owned by the Owner in the

manner set out therein, including, without limitation, in accordance with the terms of any written direction from the Voting Trustee to the Owner.

1.2 Voting of Shares

The Voting Trustee shall be entitled to deliver to the chairman of any meeting of shareholders of the Owners' Association, a proxy or proxies executed by the Voting Trustee voting the Shares pursuant to the Power of Attorney. If the Voting Trustee delivers a proxy or proxies executed in accordance with the Power of Attorney before the commencement of any such meeting, such proxy shall revoke any proxies otherwise executed and delivered by or on behalf of the Owner, or any other registered holder of the Shares in respect of such meeting. The Voting Trustee shall be further entitled to execute on behalf of the Owner pursuant to the Power of Attorney, any resolution or other instrument in writing to be executed by the voting shareholders of the Owners' Association, including but not limited to any instrument respecting the sale or other transfer of the Shares, provided that the Power of Attorney shall not extend to amendments of this Agreement or to the Power of Attorney.

ARTICLE 2 GENERAL CONTRACT PROVISIONS

2.1 Term of Agreement

This Agreement shall take effect on the date hereof and shall remain in full force and effect until such time as the earliest of either:

- (a) the Expiry Date, as defined in section 16.1 of the Co-Ownership Agreement; or
- (b) this Agreement being terminated by written agreement executed and delivered by each of the parties hereto;
- (c) the dissolution or bankruptcy of the Owners' Association or the making by the Owners' Association of an assignment in bankruptcy; or
- (d) the dissolution or bankruptcy of the Developer or the making by Developer of an assignment in bankruptcy.

2.2 Amendments

This Agreement may be amended at any time by written instrument executed and delivered by each of the parties hereto.

2.3 Notice

All notices, requests, demands or other communications required or permitted to be given by one party to another hereunder shall be given in writing by facsimile transmission, personal delivery or by registered mail, postage prepaid, addressed to such other party or delivered to such other party as follows:

- (a) Owner: ●;
- (b) Developer: Radium Mountain SR Developments Ltd.
Suite 2428, 246 Stewart Green SW
Calgary, Alberta, T3H 3C8,

or at such other address of which notice is given in writing from time to time and such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if sent by facsimile, on the same day on which such notice was sent, or, if mailed, on the fourth business day after the mailing thereof; provided that if any such notice, request, demand or other communications shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities on or before the fourth business day after the mailing thereof, such notices, requests, demands or other communications shall be deemed to have been received on the fourth business day following the resumption of normal mail service.

2.4 Other Documents

The parties hereto shall sign such further and other documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their votes and influence, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement throughout the term of this Agreement.

2.5 Time of the Essence

Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

2.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

2.7 Entire Agreement

This Agreement and the terms hereof shall constitute the entire agreement between the parties hereto with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties hereto rely upon or regard as material, any representations or writings whatsoever not incorporated herein and made a part hereof.

2.8 Severability

If any article, section or portion of any section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever, that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid article, section or portion thereof shall be deemed to be severed from the remainder of this Agreement.

2.9 Gender

The necessary grammatical changes required to make the provisions of this Agreement apply to either corporations or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

2.10 Enurement

This Agreement shall enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

2.11 Subdivision, Consolidation, etc. of Shares

The provisions of this Agreement relating to the Shares shall apply *mutatis mutandis* to any securities into which the Shares or any of them may be converted or changed, to any securities of the Owners' Association resulting from a reclassification, subdivision or consolidation of any Shares, to any securities of the Owners' Association which are received by the Owner as a dividend in kind, and to any securities of the Owners' Association or of any successor body corporate which may be received by the Owner on an amalgamation, reorganization, merger or combination of the Owners' Association.

2.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties,

DATED this _____ day of _____, 2013.

**RADIUM MOUNTAIN SR
DEVELOPMENTS LTD.**

By: _____

Name:

Title:

●

By: _____

Name:

Title:

SCHEDULE "A"

POWER OF ATTORNEY

DATED as of _____, 2013.

KNOW ALL MEN BY THESE PRESENTS THAT:

WHEREAS the undersigned (the "**Owner**") entered into a voting trust agreement (the "**Voting Trust**") dated as of the date hereof with Radium Mountain SR Developments Ltd. (the "**Developer**"), pursuant to section 16.1 of a co-ownership agreement (the "**Co-Ownership Agreement**") between the Owner, the Developer, Mountain Shadows Resort Owners' Corporation (the "**Owners' Association**") and the parties listed in Schedule "D" of the Co-Ownership Agreement, such list being amended from time to time; and

AND WHEREAS under the Voting Trust, the Owner agreed to deliver a power of attorney to enable the Voting Trustee (as hereinafter defined) to execute the voting rights attached to all securities in the capital of the Owners' Association currently owned by the Owner or which the Owner may from time to time own (collectively, the "**Shares**").

NOW THEREFORE, in consideration of the premises and other valuable consideration, the Owner does hereby constitute and appoint Marty Fletcher (the "**Voting Trustee**") as the true and lawful attorney for the Owner, and in the name, place and stead of the Owner, to (i) to deal with the Shares in accordance with the terms of the Owners' Association's articles, bylaws and the Co-Ownership Agreement, and any written direction from the Developer or the Voting Trustee to the Owner relating to the Shares, (ii) to vote the Shares at and to execute and deliver any and all proxies relating to any meeting of shareholders of the Owners' Association, or any adjournments thereof, and (iii) to execute on behalf of the Owner, any resolution or other instrument in writing to be executed by the voting shareholders of the Owners' Association (except any amendment to the Voting Trust or this power of attorney), with respect to the Shares. The provisions of this power of attorney relating to the Shares shall apply, *mutatis mutandis*, to any shares or securities into which the Shares may be converted, exchanged, changed, reclassified, redesignated, subdivided or consolidated, any shares or securities which entitle the holder thereof to vote at any meeting of shareholders of the Owners' Association which may be distributed on the Shares as a stock dividend or otherwise and any shares or securities of the Owners' Association or of any successor corporation which may be received on or in respect of the Shares on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

This power of attorney shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in the Province of British Columbia.

This power of attorney is granted to the Voting Trustee and, being coupled with an interest, shall not be revocable by the Owner for any reason prior to the termination of the Voting Trust.

Any proxy executed by the Voting Trustee and delivered pursuant hereto relating to any matter or meeting of shareholders or any adjournments thereof shall revoke any proxy otherwise executed and delivered by or on behalf of the Owner with respect to such meeting or any adjournments thereof, regardless of the respective dates thereof.

IN WITNESS WHEREOF the undersigned has executed this power of attorney as of the date first written above.

●

By: _____
Name:
Title:

SCHEDULE E

VOTING TRUST AGREEMENT