

FORM 19
(Section 348)

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Certificate of Incorporation
No. 59217

DEC 23 2003

PROVINCE OF BRITISH COLUMBIA

11 *Howell*
JOHN S. POWELL
REGISTRAR OF COMPANIES
PROVINCE OF BRITISH COLUMBIA

COMPANY ACT

SPECIAL RESOLUTION

The following special resolution was passed by the company referred to below on the date stated:

Name of company: Buccaneer Bay Holdings Ltd.

Date resolution passed: October 14, 2003

RESOLUTION:

“RESOLVED AS SPECIAL RESOLUTIONS THAT:

1. The Memorandum of the Company be altered by deleting paragraphs 2, 3, 4, 5, 6, and 7 in their entirety and be altered to the form attached hereto as Schedule "A". *Memorandum Repealed*
2. The existing Articles of the Company are cancelled and the form of Articles and Special Rights and Restrictions attached hereto as Schedule "B" are adopted as the Articles and Special Rights and Restrictions of the Company in substitution for, and to the exclusion of the existing Articles of the Company." *June 22 2005*

Certified a true copy December 22, 2003.

[Handwritten Signature]

Signature

Solicitor

Relationship to Company

SCHEDULE "B"

COMPANY ACT

**ARTICLES
OF
BUCCANEER BAY HOLDINGS LTD.**

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

"Board of Directors", "Directors" and "Board" mean the directors of the Company for the time being;

"*Company Act*" means the *Company Act* (British Columbia) and any successor legislation from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

"*Family Relations Act*" means the *Family Relations 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;

"*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;

"Jointly" means holding an interest in a Unit of Shares with another person in joint ownership, and includes those Registered Holders who are registered as holding their shares "in joint tenancy", "as joint tenants", "in joint ownership" as "joint owners";

"Land Use Contract" means the Land Use Contract dated November 21, 1978, between Gambier Island Trust Committee and the Company for the use and development of certain real property owned by the Company and registered in the Vancouver Land Registry Office against the Company under No. F88086;

"Member" means a person who is the registered owner of the interest in a Unit of Shares, and includes, except where specifically noted, a Registered Holder;

"Month" means calendar month;

"Personal Representative" means the executor, administrator, or other person entitled by law to administer the estate of a deceased Member, and includes the guardian,

committee, trustee, curator or tutor who is appointed by operation of law to administer the affairs of a Member;

“Register” means the register of Members to be kept pursuant to the *Company Act*;

“Registered Holder” means a person who holds less than an entire Unit of Shares in compliance with Article 5; and “Registered Holders” means more than one Registered Holder for a Unit of Shares, or for all the Units of Shares as the context requires;

“Registered Address” of a Member means the address recorded in the Register for that Member;

“Registered Address” of a Director means the address of the Director as recorded in the Company’s register of directors to be kept pursuant to the *Company Act*;

“Rules and Regulations” has the meaning given in Article 34 of these Articles;

“Seal” means the common seal of the Company, if any;

“Site” means that portion of the real property owned by the Company and more particularly described as Parcel Identifier 009-151-940, Block 1, District Lots 1018 and 1019, Plan 11122; and Parcel Identifier 024-143-120, Lot 1, District Lot 1539, Group 1, New Westminster District Plan LMP 30490, and any other property owned by the Company on South Thormanby Island, with boundaries determined by the directors pursuant to Article 27, that the directors have designated will relate to a particular Unit of Shares pursuant to Article 25.2;

“Site License Agreement” means the agreement to be entered into by each Member of the Company as required by Article 25.3 in the form determined by the Directors, as that agreement may be amended from time to time;

“Special Notice Provisions” means giving notice by the following means:

- (i) by personal service on the person to be given notice; or
- (ii) if personal service on the person to be given notice is, in the opinion of the Directors acting reasonably, impractical or not reasonably possible, then by delivery to the address for the person to be given notice ; or
- (iii) if personal service or delivery to the address of the person to be given notice is, in the opinion of the Directors acting reasonably, impractical or not reasonably possible, then by first class mail to the address of the person to be given notice.

and the date of notice will be deemed to be the date of service or delivery, or if sent by mail then as determined in Article 22.1, to the Member or the last of the Registered Holders to be given notice as the case may be;

“Unit of Shares” has the meaning given in Article 25.1 of these Articles.

1.2 Reference to "Writing"

Expressions referring to writing shall be construed as including references to printing, lithography, typewriting, photography, photocopying and other modes of representing or reproducing words in a visible form.

1.3 Construction of Words

Words importing the singular include the plural and vice versa; and words importing a male person include a female person.

1.4 Company Act and Interpretation Act Definitions Applicable

The definitions in the *Company Act* and the definitions and rules of construction in the *Interpretation Act* shall, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles. If there is a conflict between a definition in the *Company Act* and a definition or rule in the *Interpretation Act*, the definition in the *Company Act* shall prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Capital

The authorized capital of the Company shall consist of shares of a class or classes, which may be divided into one or more series, as described in the Memorandum of the Company and each class of issued shares shall be evidenced by a distinct form of certificate.

2.2 Form of Certificate

Every share certificate issued by the Company shall be in such form as the Directors approve and shall comply with the *Company Act*.

2.3 Member Entitled to Certificate

Every Member is entitled, without charge, to one certificate for each class of shares registered in his name provided that:

- (a) in respect of a share held by more than one person, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to the first named Registered Holder on the Register or to his duly authorized agent shall be sufficient delivery to all Registered Holders of that share; and
- (b) the Company shall not be bound to issue certificates representing redeemable shares, if such shares are to be redeemed within one month of the date on which they were allotted.

2.4 Certificate Available within Month

Certificates shall be available for delivery by the Company within one month after the allotment of, and payment in full for, any of its shares, or within one month after the delivery to the Company of a share certificate and an instrument of transfer, unless the conditions of the share otherwise provide, or where the Company has issued shares with a special right to convert attached thereto, within one month after receipt by the Company of the share certificate for the share to be converted, properly tendered, for conversion.

2.5 Delivery by Post

Any certificate may be delivered by the Company by mailing the same by registered prepaid post to the Member entitled thereto at his Registered Address and the Company shall not be liable for any loss occasioned by the Member owing to any such share certificate so sent being lost in the post or stolen.

2.6 Replacement of Lost or Defaced Certificate

If a share certificate:

- (a) is worn out or defaced, the Directors shall, upon production to them of that certificate and upon such other terms, if any, as they may think fit, order the certificate to be cancelled and they may issue a new certificate in lieu thereof; or
- (b) is lost, stolen or destroyed, then upon proof thereof to the satisfaction of the Directors and upon such indemnity, if any, as the Directors deem adequate being given, a new share certificate in place thereof shall be issued to the person entitled to the lost, stolen or destroyed certificate.

A sum, as the Directors deem appropriate and not exceeding that permitted by the *Company Act*, shall be paid to the Company for each certificate issued under this Article.

2.7 Recognition of Trusts and Other Interests in Share

Except as required by law or statute or as otherwise permitted by these Articles or as ordered by a court of competent jurisdiction, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be 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 any interest in any fractional part of a share and in all cases may treat the Member as the beneficial owner of the shares registered in his or her name.

2.8 Execution of Certificates

Every share certificate shall be signed manually by at least one officer or Director of the Company, or by or on behalf of a registrar, branch registrar, transfer agent or branch transfer agent of the Company.

2.9 Lien on Shares

- (a) The Company shall, at all times, have a first and paramount lien on every share for all moneys payable in respect of that share or in respect of the Site to which such share relates and the Company shall also have a first and paramount lien on all shares standing registered in the name of any Member for all moneys payable by them or their estate including without limitation all amounts owing under Article 28 to the Company.
- (b) Unless otherwise expressly agreed in writing by the Company and the transferee, the registration of a transfer upon the books of the Company shall operate as a waiver of the Company's lien on the shares so transferred.

2.10 Register of Transfers and Allotments

As required by the *Company Act*, the Company shall keep or cause to be kept within British Columbia the Register, registers of transfers and registers of allotments, or a combination of one or more of such registers. If the Company's capital shall consist of more than one class of shares, separate registers may be kept in respect of each class of shares.

2.11 Branch Registers

Unless prohibited by the *Company Act*, the Company may keep or cause to be kept, one or more branch registers at such place or places as the Directors may from time to time determine.

2.12 Closing Register

The Company shall not at any time close the Register.

3. ISSUE OF SHARES

3.1 Commencement of Business

The Company may commence business forthwith upon its incorporation notwithstanding that any part of the capital of the Company may remain unallotted or unsubscribed.

3.2 Directors Authorized

Subject to the Land Use Contract, the *Company Act* and any provision contained in a resolution passed at a general meeting authorizing any alteration of the capital of the Company, the unissued shares of the Company together with any shares of the Company purchased or redeemed by the Company and not cancelled shall be under the control of the Directors who may, subject to the rights of the Members of the Company, issue, allot, sell, grant options on or otherwise dispose of such shares to such persons, including Directors, in such manner, upon such terms and conditions and at such price or for such consideration as the Directors, in their absolute discretion, may determine.

3.3 Conditions of Allotment

If such relief is permitted by the *Company Act*, the Directors are relieved from the obligation to offer to every Member a proportion of the shares to be allotted.

3.4 Price of Shares With and Without Par Value

The Directors may determine the price or consideration at or for which shares without par value may be issued and the price, including any premium at which shares with par value may be issued.

4. SHARE TRANSFERS

4.1 Transferability

The right to transfer a Unit of Shares is restricted, and without limiting the generality of the foregoing, is more particularly provided for in Articles 4, 5 and 6. A Unit of Shares shall only be transferable in its entirety, subject to the Company's right to redeem preference shares *pro rata* from the Members.

4.2 Instrument of Transfer

The instrument of transfer of any share of the Company shall be in the form, if any, on the back of the Company's share certificate or in any other form which the Directors, in their discretion, may approve.

4.3 Directors' Discretion

Notwithstanding anything contained elsewhere in this Article 4, the Directors, in their absolute discretion, may decline to approve any transfer of shares and shall not be required to disclose their reasons therefor.

4.4 Restricted Transfer for Member

Subject to Articles 4.3, 4.9, 5.5 and Articles 6 and 26, a Selling Member (and for the purposes of this Article, "Selling Member" means a Member who owns all of the interest in a Unit of Shares or all of the Registered Holders holding collectively the entire interest in a Unit of Shares) may transfer or sell a Unit of Shares if the Selling Member has been a Member for five or more years, or if the Selling Member has been a Member for less than five years, with the prior written consent of the Directors, in accordance with the following provisions:

- (a) A Selling Member may transfer his or her Unit of Shares to one or more of the following relatives of that Selling Member:
 - (i) a spouse, as that term is defined in the *Family Relations Act*; or
 - (ii) a child or stepchild; or
 - (iii) a grandchild; or

- (iv) a son-in-law or daughter-in-law; or
 - (v) a brother or sister; or
 - (vi) a niece or nephew; or
 - (vii) a mother or father; or
 - (viii) a step-mother or step-father;
- (b) A Selling Member may transfer all of his or her Unit of Shares to a trustee of a trust if all of the beneficiaries of that trust are relatives of the Selling Member within the categories set out in Article 4.4(a);
- (c) A Selling Member may transfer his or her Unit of Shares to any other Member or any Registered Holder, or to a person who is one of the relatives set out in Article 4.4(a) by virtue of the relationship that person has with any Member or any Registered Holder;
- (d) The Directors will not approve a transfer of a Unit of Shares to any Member if the result of the transfer is that the Member will beneficially own or have an interest in more than three Units of Shares;
- (e) Save as otherwise provided in these Articles, no Unit of Shares shall be transferred to any person except as provided in this Article 4.4;
- (f) If a Selling Member wishes to sell or transfer his Unit of Shares, or if a Registered Holder, subject to Article 4.5, wishes to sell or transfer his interest in a Unit of Shares, (for the purpose of this Subsection, the Unit of Shares or interest in the Unit of Shares is referred to as the "Share Interest") to any person other than those persons permitted pursuant to Articles 4.4(a), 4.4(b) or 4.4(c), the following provisions shall apply:
- (i) Any Selling Member or a Registered Holder, subject to Article 4.5, desiring to transfer or sell his Share Interest (hereinafter called the "Vendor") shall give notice in writing to the Directors that the Vendor wishes to transfer his Share Interest. The Vendor shall state whether or not the Vendor has had an offer to purchase his Share Interest, and if so, the name and address of the person who has offered to purchase the Share Interest. The Vendor shall also specify the price, which shall be expressed in lawful money of Canada, payable no more than three years after the date of the notice to the Directors, and the terms of payment upon which the Vendor is prepared to transfer his Share Interest. The notice by the Vendor shall be deemed to be an irrevocable offer by the Vendor to sell his Share Interest, and shall constitute the Company as the agent of the Vendor for the sale to any Member;
 - (ii) Upon receipt of the Vendor's intention to transfer referred to in Article 4.4(f)(i), the Directors shall give notice to each of the Members, other than the Vendor, of all of the details of the Vendor's intention to transfer (the "Notice") and each Member shall have 28 days from the date of the Notice to advise the Directors

in writing whether any of the Members are willing to purchase the Share Interest at the price and upon the terms specified in the Notice;

- (iii) If only one Member gives notice of his willingness to purchase the Share Interest, the Directors will advise the Vendor of the identity of the Member, and the Vendor will sell the Vendor's Share Interest to the Member on the same terms as those specified in the Notice and the Vendor will transfer his Share Interest to that Member in satisfaction of the terms, subject to the Directors' final approval;
- (iv) If two or more Members have advised the Directors of their intention to purchase the Share Interest, the Directors shall forthwith, following the said 28 days, advise the Vendor of the names of the intended purchasers, and the Vendor shall have the right within 48 hours from the completion of the 28-day period to decide to which of the intended purchasers the Vendor wishes to sell his Share Interest, subject only to the Directors' final approval. If the Vendor does not make the said election within the said 48 hour period, the Directors shall immediately, after the 48 hour period, decide to which of the intended purchasers the Vendor shall sell his Share Interest and the sale will take place as set out in Article 4.4(f)(iii);
- (v) If no Member advises the Directors of an intention to purchase the Share Interest in accordance with the terms and conditions of the Notice, the Vendor shall be at liberty, for a period of six months after the date of the Notice, to sell the Share Interest to any third party, whether or not it is the party set out in the Notice, subject only to the Directors' final approval, provided that the Vendor shall not sell his Share Interest at a price less than, nor on terms more favourable than, those specified in the Notice. If the Vendor wishes to offer his Share Interest:
 - (A) at a lower price than in the Notice; or
 - (B) on more favourable terms than in the Notice; or
 - (C) after the expiry of six months after the date of the Notice,

then the Vendor must re-offer his Share Interest to the Members in accordance with Article 4.4(f)(i). If the Vendor proceeds with a sale under this clause, then the third-party purchaser must provide satisfactory evidence to the Company's solicitors that a binding contract to purchase the Share Interest has been executed for a purchase price not lower than, or on terms not more favourable than, in the Notice;

- (g) The Directors may decline to recognize any instrument of transfer where:
 - (i) any legal fees, transfer fees and any other fees or costs incurred by the Company in transferring any shares have not been paid by the Vendor to the Company; or

- (ii) the instrument of transfer is not accompanied by the share certificate to which it relates, such other evidence as the Directors may reasonably require, and the assignment of Site License Agreement as provided in Article 4.7.

4.5 Restricted Transfer for Registered Holder

Subject to Articles 4.3, Article 6 and Article 26, with the consent of the other Registered Holders of the Unit of Shares, a Registered Holder may transfer or sell that Registered Holder's interest in a Unit of Shares to:

- (a) a Member or Registered Holder;
- (b) a trustee for a trust, if all of the beneficiaries of that trust are relatives of the Registered Holder within the categories set out in Article 4.4(a);
- (c) a person who is one of the relatives of the Registered Holder set out in Article 4.4(a), or to a person who is one of the relatives set out in Article 4.4(a) by virtue of the relationship that person has with any Member or Registered Holder; or
- (d) any other person provided the Registered Holder complies with the provisions of Article 4.4(f);

if the Registered Holder has been a Member for five or more years, or if the Registered Holder has been a Member less than five years, with the prior written consent of the Directors. If the other Registered Holders of that Unit of Shares do not consent, the Company will not transfer the interest of a Registered Holder in a Unit of Shares to another person during the lifetime of the Registered Holder except as otherwise permitted in these Articles.

4.6 Only Natural Persons as Members

The Directors will only approve a transfer or issue of an interest in a Unit of Shares to a natural person.

4.7 Submission of Instruments of Transfer

Every instrument of transfer shall be executed by the transferor and left at the registered office of the Company or at the office of its transfer agent or registrar for registration together with the share certificate for the shares to be transferred and such other evidence, if any, as the Directors or the transfer agent or registrar may require to prove the title of the transferor or his right to transfer the shares and the right of the transferee to have the transfer registered, and the assignment by the transferor of their rights under the Site License Agreement. If the transfer is registered, all instruments of transfer shall be retained by the Company or its transfer agent or registrar. If the transfer is not registered, the instrument of transfer, together with a notice of refusal to register, and the share certificate which was delivered with the instrument of transfer upon application for registration shall be returned to the applicant within one month of the delivery of the instrument of transfer.

4.8 Execution of Instrument of Transfer

The signature of the Member or Members of the Company, or of his or their duly authorized attorney or attorneys, upon the instrument of transfer constitutes an authority to the Company to register the shares specified in the instrument of transfer in the name of the person named in that instrument of transfer as transferee or, if no person is so named, then in any name designated in writing by the person depositing the share certificate and the instrument of transfer with the Company or its agent.

4.9 Transfer on Death of Member

Notwithstanding Article 4.4, if a deceased Member, not including a Registered Holder, has transferred all of his or her interest in a Unit of Shares to a natural person or persons by way of testamentary disposition acceptable under the laws of British Columbia, the Company will approve the transfer once the Personal Representative of the deceased Member has complied with the requirements of the *Company Act* and these Articles. If the deceased Member has not designated a beneficiary or has not transferred his or her interest in a Unit of Shares by way of testamentary disposition acceptable under the laws of British Columbia, then the Company will not transfer the Unit of Shares until the Company receives satisfactory evidence that the transferee is a natural person and the Personal Representative has authority to designate the person as a transferee of the Unit of Shares because the transferee is:

- (a) a successor of the deceased Member according to the law of succession or intestacy in British Columbia; or
- (b) acquiring the Unit of Shares as a result of a transfer or sale pursuant to the provisions of Article 4.4.

4.10 Transfer Fee

A sum shall be paid to the Company in respect of the registration of any transfer, said sum being determined by the Directors, and shall not exceed that permitted by the *Company Act*.

4.11 Claims Paid

No transfer of shares shall be accepted by the Directors until all claims of the Company against the transferor and his shares have been paid in full.

5. REGISTERED HOLDERS

5.1 Becoming Registered Holder

If two or more persons purchase a Unit of Shares together, and are recognized by the Company and registered in the Register, in respect of a particular Unit of Shares, as sharing the registered interest in a Unit of Shares with one or more persons, those persons will be Registered Holders of the Unit of Shares. The Registered Holders may direct the Company that the Registered Holders wish to hold their interests in the Unit of Shares Jointly, as provided in Article 5.3, or if the Registered Holders do not so direct, then the Company will treat their interest in the Unit of Shares as being held as "tenants in common". Any Member who is the sole owner of all of the interest in a Unit of Shares can, by notice

to the Company, transfer or sell part of his or her interest in a Unit of Shares to one or more persons as permitted pursuant to Article 4.4(a), 4.4(b) or 4.4(c), and by that means become a Registered Holder. The rights of a Registered Holder are limited as set out in these Articles.

5.2 Votes by Registered Holders

In the case of Registered Holders of a Unit of Shares, the vote of the senior Registered Holder for that Unit of Shares who exercises a vote, whether in person or by proxyholder, shall be accepted to the exclusion of the votes of the other Registered Holders; and for this purpose, seniority shall be determined by the order in which the names stand in the Register.

5.3 Registered Holders Holding Shares Jointly

If the Registered Holders of a Unit of Shares direct the Company that the Registered Holders wish to hold their interest in the Unit of Shares Jointly, then the Company will record that direction in the Register and on the share certificate, and the Registered Holders of the share take identical interests in the Unit of Shares simultaneously and with the same right of possession, with the joint holders each having a right of survivorship to the other's interest in the Unit of Shares.

5.4 Death of Joint Registered Holder

Upon the death of a Registered Holder who has directed the Company to record his interest Jointly, the Company will re-register the deceased Registered Holder's interest in the Unit of Shares to the surviving Registered Holders.

5.5 Transfer After Death

Notwithstanding Article 4.4, and subject to Article 5.4, if a deceased Registered Holder who does not hold the interest in the Unit of Shares Jointly has transferred his or her interest in a Unit of Shares to a natural person or persons by way of testamentary disposition recognized under the laws of British Columbia, the Company will approve the transfer once the Personal Representative of the deceased Registered Holder has complied with the requirements of the *Company Act* and these Articles. If a deceased Registered Holder who does not hold the interest in the Unit of Shares Jointly dies without designating a beneficiary or without transferring his or her interest to a natural person or persons by way of testamentary disposition recognized under the laws of British Columbia, then the Company will transfer the interests of the deceased Registered Holder in that Unit of Shares when the Company receives satisfactory evidence that the transferee is a natural person; and the Personal Representative has authority to designate the person as a transferee of the interest in the Unit of Shares because the transferee is:

- (a) a successor of the deceased Registered Holder according to the law of succession or intestacy in British Columbia; or
- (b) acquiring the Unit of Shares as a result of a transfer or sale pursuant to the provisions of Article 4.4.

and the Company will not require the consent of the other Registered Holders of that Unit of Shares to effect the transfer.

6. TRANSMISSION OF SHARES ON DEATH OR BANKRUPTCY

6.1 Persons Recognized by Company

Upon the death of a Member (other than a Registered Holder holding the shares Jointly) the Company will only be required to recognize the Personal Representative of the deceased Member as having any title to or interest in the Unit of Shares on behalf of the deceased Member. If a deceased Registered Holder is registered on the Register as holding the Unit of Shares Jointly, the surviving Registered Holder or Holders shall be the only person or persons recognized by the Company as having any title to, or interest in, the Unit of Shares. Nothing herein contained shall release the estate of a deceased Registered Holder from any liability in respect of any share that had been Jointly held by him with other persons.

6.2 Personal Representatives Registered

When a Personal Representative of a Member becomes entitled to be registered as having an interest in a Unit of Shares as a result of the death or physical or mental incapacity of the Member, the Company will upon production of such documents as may be required by these Articles and the *Company Act* to the registered office of the Company, register the Personal Representative as a Member.

6.3 Bankruptcy of Member

If a trustee in bankruptcy becomes entitled to be registered as having an interest in a Unit of Shares as a result of the bankruptcy of any Member, other than a Registered Holder, the trustee will be registered as a Member of the Company upon production of such documents as may be required by the *Company Act*, and these Articles. The Company will permit the trustee to sell or transfer the Unit of Shares pursuant to the bankruptcy in accordance with Article 4.4.

6.4 Bankruptcy of Registered Holder

If a trustee in bankruptcy becomes entitled to be registered as having an interest in a portion of a Unit of Shares as a result of the bankruptcy of a Registered Holder, the trustee will be registered as a Registered Holder of the Company upon production of such documents as may be required by the *Company Act*, and these Articles. The Company will require the trustee in bankruptcy to give the other Registered Holders of that Unit of Shares the right to purchase the interest of the bankrupt Registered Holder at a price acceptable to the trustee, before the Company will permit the trustee to sell or transfer the interest to any other third party pursuant to Article 4.4.

6.5 By Statute or Court Order

Any person who becomes entitled to an interest in a Unit of Shares by operation of statute or as a result of an order of a court of competent jurisdiction shall, upon production of such evidence as is

required by the *Company Act*, and these Articles or by any other statute or by court order, be registered as a Member of the Company.

7. ALTERATION OF CAPITAL

7.1 Special Resolution Required

The Company may, by special resolution filed with the Registrar, alter its Memorandum to increase its authorized capital by:

- (a) creating shares with par value or shares without par value or both; and where the Company has shares with par value and shares without par value, the shares with par value shall be a class or classes of shares distinct from the shares without par value, and shall have attached thereto special rights in respect of capital or dividends or both capital and dividends;
- (b) increasing the number of shares with par value or shares without par value, or both; or
- (c) increasing the par value of a class of shares with par value, if no shares of that class are issued.

7.2 Articles Apply to New Capital

Except as otherwise provided by conditions imposed at the time of creation of any new shares or by these Articles, any addition to the authorized capital resulting from the creation of new shares shall be subject to the provisions of these Articles.

7.3 Class Meetings of Members

Unless these Articles specifically otherwise provide, the provisions of these Articles relating to general meetings shall apply, with the necessary changes, and so far as they are applicable, to a meeting of Members holding a particular class of shares, being a class meeting.

8. PURCHASE AND REDEMPTION OF SHARES

8.1 Company Authorized to Purchase Shares in its Capital

Subject to the special rights and restrictions attached to any class of shares, the Company may, by a resolution of the Directors and in compliance with the *Company Act*, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution and the Company may redeem any class or series of its shares in accordance with the special rights and restrictions attaching thereto. No such purchase, acquisition or redemption shall be made if the Company is insolvent at the time of the proposed purchase, acquisition or redemption or if the proposed purchase, acquisition or redemption would render the Company insolvent.

8.2 Sale and Voting of Purchased or Redeemed Shares

Subject to the provisions of the *Company Act*, any share purchased or redeemed by the Company may be sold by it but, while such share is held by the Company, it shall not exercise any vote in respect of such share and shall not pay or make any dividend or other distribution in respect of such share.

8.3 Sale to the Company

Notwithstanding anything contained in these Articles, the terms and conditions set out in Article 4.4 do not apply to a transfer of a Unit of Shares to the Company.

9. BORROWING POWERS

9.1 Powers of Directors

The Directors may, from time to time, on behalf of the Company:

- (a) borrow money in such manner and amount, on such security, from such sources, and upon such terms and conditions as they think fit;
- (b) 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
- (c) mortgage, charge, whether by way of specific or floating charge, or give other security on the undertaking, or on the whole or any part of the property and assets of the Company, both present and future.

9.2 Issue and Assignment of Bonds and Debentures

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawing, allotment of, or conversion into, or exchange for shares or other securities, attendance and voting at general meetings of the Company, appointment of directors or otherwise and may by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the Directors may determine.

9.3 Registers and Branch Registers of Debentureholders

The Company shall keep or cause to be kept within British Columbia, in accordance with the *Company Act*, a register of its debentures, a register of debentureholders and such other registers as may be required to be kept under the *Company Act*, which registers may be combined and, subject to the provisions of the *Company Act*, may keep or cause to be kept, one or more branch registers of its debentureholders at such place or places as the Directors may, from time to time, determine and the Directors may, by resolution, regulation or otherwise, make such provisions as they think fit respecting the keeping of such branch registers.

9.4 Execution of Debt Obligation Documents

Every bond, debenture or other debt obligation of the Company shall be signed manually by at least one Director or officer of the Company or by or on behalf of a trustee, registrar, branch registrar, transfer agent or branch transfer agent for the bond, debenture or other obligation appointed by the Company or under any instrument under which the bond, debenture or other debt obligation is issued and any additional signatures may be printed or otherwise mechanically reproduced thereon and, in such event, a bond, debenture or other debt obligation so signed is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he is stated to hold on such bond, debenture or other debt obligation at the date of the issue thereof.

10. GENERAL MEETINGS

10.1 Annual General Meetings

The first annual general meeting shall be held in accordance with the provisions of the *Company Act* and thereafter an annual general meeting shall be held at least once in every calendar year and not more than 13 months after the date that the last annual general meeting was held, or was deemed under the *Company Act* to have been held, and at such time and place as the Directors shall determine.

10.2 Waiver of Annual General Meeting

If the Company is not a reporting company, and if all Members entitled to attend and vote at the annual general meeting of the Company consent in writing to the business required to be transacted at the annual general meeting, that business shall be as valid as if transacted at an annual general meeting duly convened and held, and it is not necessary for the Company to hold that annual general meeting. Such annual general meetings shall be deemed for the purposes of these Articles to have been held on the date the written consent is dated.

10.3 Calling of General Meetings

The Directors may, at their discretion, call a general meeting of the Company.

10.4 Notice for General Meetings

The notice for general meetings shall not be less than 21 days and should specify the time and place of the meeting and, in case of special business, the general nature of that business shall be given in the manner mentioned in Part 22 of these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution, whether previous notice thereof has been given or not, to any person as may by law or under these Articles or other regulations of the Company be entitled to receive such notice from the Company; but the accidental omission to give notice of any meeting to, or the non-receipt of any such notice by any of such persons shall not invalidate any proceedings at that meeting. If the Company is a reporting company, it shall give such advance notice of a meeting of Members as may be required by the *Company Act*.

10.5 Waiver of Notice and Record Date

All the Members of the Company entitled to attend and vote at a general meeting may, by unanimous consent in writing given before, during or after the meeting, or, if they are present at the meeting, by a unanimous vote, waive or reduce the period of notice of such meeting, and an entry in the minute book of such waiver or reduction shall be sufficient evidence of the due convening of the meeting. The Directors may, for the purpose of determining Members entitled to notice of, or to vote at any general meeting or class meeting, fix in advance a date as the record date, which date shall not be more than 49 days before the date of the meeting. Where no such record date is fixed, it shall be deemed to be the date on which the notice calling the general meeting or class meeting is mailed for the purpose of determining those Members entitled to notice and to vote at such meeting.

10.6 Notice of Special Business at General Meeting

Where any special business includes the presenting, considering, approving, ratifying or authorizing of the execution of any document, then the portion of any notice relating to such document shall be sufficient if the same states that a copy of the document or proposed document is or shall be available for inspection by Members at a place in British Columbia specified in such notice during business hours of any specified working day or days prior to the date of the meeting.

11. PROCEEDINGS AT GENERAL MEETINGS

11.1 Special Business

At a general meeting, the following business shall be deemed to be special business:

- (a) at a general meeting that is not an annual general meeting, all business except that relating to the conduct of and voting at such meeting;
- (b) at an annual general meeting, all business except:
 - (i) business relating to the conduct of or voting at any such meeting;
 - (ii) consideration of the financial statements of the Company presented to the meeting;
 - (iii) consideration of the respective reports of the Directors and auditor;
 - (iv) the passing of a resolution authorizing the election of two or more Directors by a single resolution;
 - (v) the fixing of the number of Directors;
 - (vi) the election of Directors;
 - (vii) the appointment of the auditor;
 - (viii) the fixing of the remuneration of the auditor;

- (ix) such other business which, under these Articles or the *Company Act*, may be transacted at a general meeting or an annual general meeting without prior notice thereof being given to the Members; and
- (x) any business arising out of the report of the Directors not requiring the passing of a special resolution.

11.2 Quorum

Save as herein otherwise provided, a quorum shall be those persons present and being, or represented by proxy, Members holding not less than twenty-five percent of the shares which may be voted at the meeting. The Directors, the Secretary, or in his absence, an Assistant Secretary, and any solicitor or other person invited by the Directors shall be entitled to attend any general meeting but no such person shall be counted in the quorum or be entitled to vote at any general meeting unless he shall be a Member or proxyholder entitled to vote at the meeting.

11.3 Requirement of Quorum

No business, other than the election of a chairman and the adjournment of the meeting, shall be transacted at any general meeting unless a quorum of Members entitled to attend and vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.4 Lack of Quorum

If, within one-half hour from the time appointed for a general meeting, a quorum is not present, the meeting, if convened by requisition of Members, shall be dissolved, but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place. If, at such adjourned meeting, a quorum is not present within one-half hour from the time appointed, the person or persons present and being, or represented by proxy, a Member or Members entitled to attend and vote at the meeting shall constitute a quorum.

11.5 Chairman

The Chairman of the Board, if any, or in his absence, the President of the Company shall be entitled to preside as chairman at every general meeting of the Company.

11.6 Selection of Alternate Chairman

If, at any general meeting, neither the Chairman of the Board, if any, nor the President is present within 15 minutes after the time appointed for holding the meeting or if neither is willing or able to act as chairman of the meeting, the Directors present shall choose one of their number to be chairman of the meeting. If no Director is present or if all the Directors present decline to take the chair or shall fail to so choose, the persons present and entitled to vote thereat shall choose a chairman.

11.7 Adjournments

The chairman of the meeting may and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of a general meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

11.8 Decisions by Show of Hands or Poll

Subject to the provisions of the *Company Act*, every motion for a resolution put to the vote of a general meeting shall 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 chairman or demanded by at least one Member entitled to vote who is present in person or by proxy. The chairman shall declare to the meeting the decision of every question in accordance with the result of the show of hands or the poll, and such decision shall be entered in the book of proceedings of the Company. A declaration by the chairman that a motion has been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be *prima facie* evidence of the fact of the number or proportion of the votes recorded in favour of, or against, such motion and that the motion was properly moved and seconded.

11.9 Motion To Be Seconded

All motions proposed at a general meeting must be seconded unless the chairman of the meeting rules otherwise and the chairman of any meeting shall be entitled to move or second a motion.

11.10 Casting Vote

In case of an equality of votes upon a motion, the chairman shall not, either on a show of hands or on a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

11.11 Manner of Taking Poll

Subject to the provisions of Article 11.13, if a poll is duly demanded as aforesaid, it shall be taken in such manner and at such place as the chairman of the meeting directs, but in no event, later than seven days after the meeting. The result of the poll shall be deemed to be the decision of the meeting made at the meeting at which the poll was demanded. A demand for a poll may be withdrawn by the person demanding the same. In the case of any dispute as to the admission or rejection of a vote, the chairman of the meeting shall determine the same and such determination made in good faith shall be final and conclusive.

11.12 Casting of Votes

On a poll, a person entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

11.13 Demand for Poll

No poll may be demanded on the election of a chairman of a meeting and a poll demanded on a question of adjournment shall be taken at the meeting without adjournment.

11.14 Demand for Poll Not to Prevent Continuance of Meeting

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

11.15 Retention of Ballots and Proxies

Every ballot cast upon a poll and every proxy appointing a proxyholder who casts a ballot upon a poll shall be held in safekeeping by the Secretary of the Company for three months after the meeting, or for such longer period as the *Company Act* may provide, and, during that period, shall be open to inspection at the records office of the Company during normal business hours by any Member or proxyholder entitled to vote at the meeting from which the ballot and the proxy came. At the end of such period of safekeeping, the Secretary of the Company shall attend to the destruction of such ballot or proxy.

11.16 Action by Ordinary Resolution

Unless the *Company Act*, the Memorandum or these Articles otherwise provide, any action to be taken by a resolution of the Members may be taken by an ordinary resolution.

12. VOTES OF MEMBERS

12.1 Number of Votes by Member or by Shares

Subject to any special rights or restrictions for the time being attached to any shares and the restrictions on Registered Holders as provided in Article 5.2, on a show of hands, every Member present and entitled to vote shall have one vote, and on a poll, every Member shall have one vote for each common share in respect of which he is the Member and may exercise such vote in person or by proxyholder.

12.2 Unpaid Assessments and Suspended Members

No Member shall be entitled to vote at any general meeting if their rights are suspended pursuant to Article 29 and unless all calls, charges, rates and assessments due and payable to the Company have been paid in full.

12.3 Votes of Persons in Representative Capacity

Any person who is not registered as a Member but is entitled to vote at any general meeting in respect of a share, may vote the share in the same manner as if he were a Member; but, he shall satisfy the Directors of his right to vote the share before the time for holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote in order to be entitled to vote such share. If a Member has more than one Personal Representative, the Personal Representatives, for the purpose of

this Article, will be deemed to be Registered Holders, and the senior Registered Holder in that case will be that Personal Representative with the earliest birthdate.

12.4 Votes by Committee of a Member

A Member for whom a committee has been duly appointed may vote, whether on a show of hands or on a poll, by his committee, *curator bonis* or other person, in the nature of a committee or *curator bonis* appointed by a court, and any such committee, *curator bonis* or other person, may appoint a proxyholder.

12.5 Appointment of Proxyholders

A Member holding more than one share in respect of which he is entitled to vote shall be entitled to appoint one or more proxyholders (but not more than three) to attend, act and vote for him on the same occasion. If such a Member should appoint more than one proxyholder for the same occasion, he shall specify the number of shares each proxyholder shall be entitled to vote. A Member may also appoint one or more alternate proxyholders to act in the place and stead of an absent proxyholder.

12.6 Execution of Proxy Instruments

A proxy shall be in writing, under the hand of the appointor or of his attorney, duly authorized in writing.

12.7 Deposit of Proxy

A proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice calling the meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time for holding the meeting in respect of which the person named in the instrument is appointed, or shall be deposited with a Director or officer or the solicitor of the Company at such meeting prior to its commencement. In addition to any other method of depositing proxies provided for in these Articles, the Directors may, from time to time, by resolution, fix a time, not exceeding 48 hours (excluding Saturdays, Sundays and statutory holidays) preceding any meeting or adjourned meeting of Members, before which time proxies to be used at the meeting must be delivered to the Company or its agent, and any period of time so fixed shall be specified in the notice calling the meeting or in the information circular relating to it. Any such resolution of the Directors may provide that particulars of such proxies may be sent to the Company or any agent of the Company in writing by letter, fax or any method of transmitting legibly recorded messages so as to arrive before the commencement of the meeting or adjourned meeting at the office of the Company or of any agent of the Company appointed for the purpose of receiving such particulars and may also provide that proxies so deposited may be acted upon as though the proxies themselves were deposited as required by this Part. Votes given in accordance with any such resolution shall be valid and shall be counted.

12.8 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the previous death or mental incapacity of the Member giving the proxy or revocation of the proxy or of the authority under

which the proxy is given, unless notice in writing of the death, mental incapacity, revocation as aforesaid shall have been received at the registered office of the Company or by the chairman of the meeting or adjourned meeting for which the proxy was given before the vote is taken.

12.9 Form of Proxy

Unless the *Company Act* or any other statute or law which is applicable to the Company or to any class of its shares requires any other form of proxy, a proxy, whether for a specified meeting or otherwise, shall be in the form following, but may also be in any other form that the Directors or the chairman of the meeting shall approve:

(Name of Company)

The undersigned, being a Member of the above named Company, hereby appoints _____ or failing him _____ as proxyholder for the undersigned to attend, act and vote for and on behalf of the undersigned at the general meeting of the Company to be held on the ____ day of _____, 20____, and at any adjournment thereof.

Signed this ____ day of _____, 20____.

(Signature of Member)

(Name of Member - printed)

12.10 Revocation of Proxy

Every proxy may be revoked by an instrument in writing:

- (a) executed by the Member giving the proxy or by his attorney authorized in writing; and
- (b) delivered either at the registered office of the Company, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or to the chairman of the meeting on the day of the meeting, or any adjournment thereof, before any vote in respect of which the proxy is to be used shall have been taken,

or in any other manner provided by law.

12.11 Production of Evidence of Authority to Vote

The chairman of any general meeting or annual general meeting may, but is not under any obligation to, enquire into the authority of any person to vote at such meeting and to demand from that person production of evidence as to the existence of such authority to vote.

13. DIRECTORS

13.1 Number of Directors

The first Directors are the subscribers to the Memorandum. The number of Directors will be seven until the number of Directors, excluding additional Directors, is changed by special resolution passed pursuant to the requirements of the *Company Act*. The number of Directors shall never be less than three.

13.2 Share Qualifications of Directors

A Director shall not be required to hold a share in the capital of the Company as qualification for his office but shall be qualified as outlined in the *Company Act* to become, to act or continue to act as a Director.

13.3 Expenses of Directors

The Directors shall be repaid such reasonable expenses as they may incur in and about the business of the Company.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At each annual general meeting of the Company, all the Directors whose terms have expired shall retire immediately prior to the election of Directors and the Members entitled to vote thereat shall elect a Board of Directors consisting of the number of Directors for the time being fixed pursuant to these Articles.

14.2 Eligibility for Election

A retiring Director shall be eligible for re-election.

14.3 Failure to Hold Annual Meeting

Where the Company fails to hold an annual general meeting in accordance with the *Company Act*, the Directors then in office shall be deemed to have been elected or appointed as Directors on the last day on which the annual general meeting could have been held pursuant to these Articles and they may hold office until other Directors are appointed or elected or until the day on which the next annual general meeting is held.

14.4 Places of Retiring Directors Not Filled

If, at any general meeting at which there should be an election of Directors, the places of any of the retiring Directors are not filled by such election, such of the retiring Directors who are not re-elected as may be requested by the newly elected Directors shall, if willing to do so, continue in office to complete

the number of Directors for the time being fixed pursuant to these Articles until further new Directors are elected at a general meeting 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 fixed pursuant to these Articles, such number shall be fixed at the number of Directors actually elected or continued in office.

14.5 Casual Vacancies

Any casual vacancy occurring in the Board may be filled by the remaining Directors or Director.

14.6 Additional Directors

Between annual general meetings, the Directors shall have power to appoint one additional Director. Any Director so appointed shall hold office only until the next annual general meeting of the Company but shall be eligible for election at such meeting and so long as he is an additional Director, the number of Directors shall be deemed to be increased accordingly.

14.7 Alternate Directors

Any Director may, by instrument in writing delivered to the Company, appoint any person to be his alternate to act in his place at meetings of the Directors at which he is not present unless the Directors shall have reasonably disapproved of the appointment of such person as an alternate Director and shall have given notice to that effect to the Director appointing the alternate Director within a reasonable time after delivery of such instrument to the Company. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote as a Director at a meeting at which the person appointing him is not personally present and, if he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may, at any time, by instrument, fax or any method of transmitting legibly recorded messages delivered to the Company, revoke the appointment of an alternate appointed by him.

14.8 Vacating Office of Director

The office of Director shall be vacated if the Director:

- (a) resigns his office by notice in writing, delivered to the registered office of the Company;
or
- (b) is convicted of an indictable offence and the other Directors shall have resolved to remove him; or
- (c) is not, or ceases to be qualified to act as a Director pursuant to the *Company Act*.

14.9 Removal of Director

The Company may, by special resolution, remove any Director before the expiration of his period of office and may by an ordinary resolution appoint another person in his stead.

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The Directors shall manage, or supervise the management of the affairs and business of the Company and shall have the authority to exercise all such powers of the Company as are not, by the *Company Act* or by the Memorandum or these Articles, required to be exercised by the Company in a general meeting.

15.2 Power to Purchase Real Property

Notwithstanding any restriction in the Memorandum or these Articles, with the prior approval of the Members given by special resolution passed pursuant to the requirements of the *Company Act*, the Company may, directly or indirectly, purchase or acquire real property.

15.3 Appointment of Attorney of Company

The Directors may, from time to time, by power of attorney or other instrument under the Seal, 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 powers of the Directors relating to the constitution of the Board and of any of its committees and the appointment or removal of officers and the power to declare dividends) and for such period, and with such remuneration and subject to such conditions as the Directors may think fit, and any such appointment may be made in favour of any corporation, firm or person or body of persons, and 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.

16. DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Declaration of Interest

A Director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company, or who holds any office or possesses any property whereby, directly or indirectly, a duty or interest might be created to conflict with his duty or interest as a Director shall declare the nature and extent of his interest in such contract or transaction or of the conflict or potential conflict with his duty and interest as a Director, as the case may be, in accordance with the provisions of the *Company Act*.

16.2 Restrictions on Voting by Reason of Interest

A Director, other than a sole Director, shall not vote in respect of any such contract or transaction with the Company in which he is interested and if he should do so, his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. Subject to the provisions of the *Company Act*, the foregoing prohibitions shall not apply to:

- (a) any such contract or transaction relating to a loan to the Company, which a Director or a specified corporation or a specified firm in which he has an interest has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan;
- (b) any such contract or transaction made or to be made with, or for the benefit of, an affiliated corporation of which a Director is a director;
- (c) any such contract or transaction evidencing the exercise of a right or option granted to a Director to purchase shares in the capital of the Company or securities of the Company or to subscribe for or underwrite the issue of such shares or securities;
- (d) any such contract or transaction in which a Director is directly or indirectly interested, if all the other Directors are also directly or indirectly interested in such contract or transaction;
- (e) purchasing and maintaining insurance to cover Directors against liability incurred by them as Directors; or
- (f) the indemnification of any Director by the Company.

These exceptions may, from time to time, be suspended or amended to any extent approved by the Company in a general meeting and permitted by the *Company Act*, either generally or in respect of any particular contract or transaction or for any particular period.

16.3 Director Holding Office in Company

A Director may hold any office or place of profit with the Company (other than the office of auditor of the Company) in conjunction with his office of Director for such period and on such terms (as to remuneration or otherwise) as the Directors may determine and no Director or intended Director shall be disqualified by his office from contracting with the Company either with regard to his tenure or any such other office or place of profit or as vendor, purchaser or otherwise and, subject to compliance with the provisions of the *Company Act*, no contract or transaction entered into by or on behalf of the Company in which a Director is in any way interested shall be liable to be voided by reason thereof.

16.4 Director Acting in Professional Capacity

Subject to compliance with the provisions of the *Company Act*, a Director or his firm may act in a professional capacity for the Company (except as auditor of the Company) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

16.5 Director or Officer in Other Corporations

A Director may be or become a Director or other officer or employee of, or otherwise interested in, any corporation or firm in which the Company may be interested as a member or otherwise, and, subject to compliance with the provisions of the *Company Act*, such Director shall not be accountable to the Company for any remuneration or other benefits received by him as Director, officer or employee of, or from his interest in, such other corporation or firm, unless the Company in general meeting otherwise directs.

17. PROCEEDINGS OF DIRECTORS

17.1 Chairman of Meetings

The Chairman of the Board, if any, or in his absence the President of the Company, shall preside as chairman at every meeting of the Directors or if there is no Chairman of the Board or if neither the Chairman of the Board nor such President is present within 15 minutes of the time appointed for holding the meeting or is willing to act as chairman or if the Chairman of the Board, if any, and the President of the Company have advised the Secretary of the Company that they shall not be present at the meeting, the Directors present shall choose one of their number to be chairman of the meeting.

17.2 Voting at Meetings

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they deem appropriate. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall not have a second or casting vote. Meetings of the Board held at regular intervals may be held at such place, at such time and upon such notice (if any) as the Board may by resolution, from time to time, determine.

17.3 Meetings by Conference Telephone

A Director may participate in a meeting of the Board or of any committee of the Directors by means of conference telephones or other communications facilities by means of which all Directors participating in the meeting can hear each other and provided that all such Directors agree to such participation. A Director participating in a meeting in accordance with this Article shall be deemed to be present at the meeting and to have so agreed and shall be counted in the quorum therefor and be entitled to speak and vote thereat.

17.4 Calling and Notice of Meetings

A Director may, and the Secretary or an Assistant Secretary of the Company upon request of a Director shall, call a meeting of the Board at any time. Reasonable notice of such meeting specifying the place, day and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the Directors and alternate Directors at his address as it appears on the books of the Company or by leaving it at his usual business or residential address or by telephone, fax or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of Directors to any Director or alternate Director if such meeting is to be held immediately following a general meeting at which such Director shall have been elected or is the meeting of Directors at which such Director is appointed.

17.5 Waiver of Notice of Meetings

Any Director of the Company may file with the Secretary of the Company, a document executed by him, waiving notice of any past, present or future meeting or meetings of the Directors being, or required to have been sent to him and may, at any time, withdraw such waiver with respect to meetings held thereafter. After filing such waiver with respect to future meetings and until such waiver is withdrawn, no notice need be given to such Director and, unless the Director otherwise requires in

writing to the Secretary, to his alternate Director of any meeting of Directors and all meetings of the Directors so held shall be deemed not to be improperly called or constituted by reason of notice not having been given to such Director or alternate Director.

17.6 Quorum

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and if not so fixed shall be four Directors.

17.7 Continuing Directors Power to Act

The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as the number is reduced below the number fixed pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

17.8 Validity of Meeting Where Appointment Defective

Subject to the provisions of the *Company Act*, all acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such Directors or of the Members of such committee or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly elected or appointed and was qualified to be a Director.

17.9 Consent Resolutions in Writing

A resolution consented to in writing, whether by document, fax or any method of transmitting legibly recorded messages or other means by all of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and held. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the Directors and shall be effective on the date stated thereon or on the latest date stated on any counterpart.

18. OFFICERS

18.1 President and Secretary Required

The Directors shall, from time to time, appoint a President and a Secretary and such other officers, if any, as the Directors shall determine and the Directors may, at any time, terminate any such appointment. No officer shall be appointed unless he is qualified in accordance with the provisions of the *Company Act*.

18.2 Qualification and Remuneration

One person may hold more than one of such offices except that the offices of President and Secretary must be held by different persons unless the Company has only one Member. Any person appointed as the Chairman of the Board, the President or the Managing Director shall be a Director. The other officers need not be Directors. The Directors may decide what functions and duties each officer shall perform and may entrust to and confer upon him any of the powers exercisable by them upon such terms and conditions and with such restrictions as they deem appropriate and may, from time to time, revoke, withdraw, alter or vary all or any of such functions, duties and powers. The Secretary of the Company shall, *inter alia*, perform the functions pertaining to such officer specified in the *Company Act*.

18.3 Disclosure of Conflicting Interests

Every officer of the Company who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as an officer of the Company shall, in writing, disclose to the President of the Company and the Directors, the fact and the nature and extent of the conflict.

18.4 Officer Acting in Professional Capacity

Subject to compliance with the provisions of the *Company Act*, an officer or his firm may act in a professional capacity for the Company (except as auditor of the Company) and he or his firm shall be entitled to remuneration for professional services as if he were not an officer.

19. INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

19.1 Party to Legal Proceedings

Subject to the provisions of the *Company Act*, the Directors shall cause the Company to indemnify a Director or former Director of the Company and the Directors may cause the Company to indemnify a Director or former Director of a corporation of which the Company is or was a Member and the heirs and Personal Representatives of any such person against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him or them, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which he is, or they are, made a party by reason of his being or having been a Director of the Company or a Director of such corporation, including any action brought by the Company or any such corporation. Each Director shall be deemed to have contracted with the Company on the terms of the foregoing indemnity.

19.2 Officers and Employees

Subject to the provisions of the *Company Act*, the Directors shall cause the Company to indemnify any officer, employee or agent of the Company or of a corporation of which the Company is or was a Member (notwithstanding that he is also a Director) and his heirs and personal representatives against all actual and proper costs, charges and expenses whatsoever incurred by him or them and resulting from his acting as an officer, employee or agent of the Company or such corporation. In addition, the Company shall indemnify the Secretary or an Assistant Secretary of the Company (if he shall not be a

full-time employee of the Company and notwithstanding that he is also a Director) and his respective heirs and personal representatives against all costs, charges and expenses whatsoever incurred by him or them and arising out of the functions assigned to the Secretary by the *Company Act* or these Articles and each such Secretary and Assistant Secretary shall, on being appointed, be deemed to have contracted with the Company on the terms of the foregoing indemnity, provided such Secretary or Assistant Secretary has acted honestly and in good faith with a view to the best interests of the Company, or he has had reasonable grounds for believing that his conduct was lawful.

19.3 Non-Compliance with *Company Act*

The failure of a Director or officer of the Company to comply with the provisions of the *Company Act* or of the Memorandum or these Articles shall not invalidate any indemnity to which he is entitled under this Part.

19.4 Company May Purchase Insurance

The Directors may cause the Company to purchase and maintain insurance for the benefit of any person who is or was serving as a Director, officer, employee or agent of the Company or as a director, officer, employee or agent of any corporation of which the Company is or was a Member and his heirs or Personal Representatives against any liability incurred by him as such Director, officer, employee or agent.

20. DIVIDENDS AND RESERVES

20.1 Declaration of Dividends

The Directors may, from time to time, declare and authorize payment of such dividends, if any, as they may deem advisable and need not give notice of such declaration to any Member. No dividend shall be paid otherwise than out of funds or assets properly available for the payment of dividends and a declaration by the Directors as to the amount of such funds or assets available for dividends shall be conclusive that such are properly available. The Company may pay any such dividend wholly or in part by the distribution of specific assets and in particular, by paid-up shares, bonds, debentures or other securities of the Company or any other corporation, or in any one or more such ways as may be authorized by the Company or the Directors. Where any difficulty arises with regard to such a distribution, the Directors may settle the same as they think expedient and, in particular, may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments in substitution for all or any part of the specific assets to which any Members are entitled shall be made to any Members on the basis of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trust for the persons entitled to the dividend as may seem expedient to the Directors.

20.2 Basis and Payment

Subject to the rights, if any, of Members holding shares with special rights as to dividends:

- (a) any dividend declared on shares of any class by the Directors may be made payable on such date as is fixed by the Directors;

- (b) all dividends on shares of any class shall be declared and be paid according to the number of such shares held.

20.3 Reserves

The Directors may, before declaring any dividend, set aside out of the funds properly available for the payment of dividends, such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies or for equalizing dividends or for any other purpose to which such funds of the Company may be properly applied, and pending such application, such funds may, in the discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may, from time to time, deem appropriate. The Directors may also, without placing the same in reserve, carry forward such funds which they think prudent not to divide.

20.4 Receipt by Registered Holders

The Registered Holder first named on the Register may give an effective receipt for any dividend, bonus or other moneys payable in respect of the share.

20.5 Dividend Bears No Interest

No dividend shall bear interest against the Company. Where the dividend to which a Member is entitled includes a fraction of a cent, such fraction shall be disregarded in making payment thereof and such payment shall be deemed to be payment in full.

20.6 Payment of Dividends

Any dividend, bonuses or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post, directed to the Registered Address of the Member, or in the case of Registered Holders of a particular share, to the address of that one of the Registered Holders who is first named on the Register. Every such cheque or warrant shall be made payable to the order of all of the Registered Holders for that share. The mailing of such cheque or warrant shall, to the extent of the sum represented thereby (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend, unless such cheque or warrant shall not be paid on presentation or the amount of tax so deducted shall not be paid to the appropriate taxing authority.

20.7 Capitalization of Undistributed Surplus

Notwithstanding anything contained in these Articles, the Directors may, from time to time, capitalize any undistributed surplus on hand of the Company and may, from time to time, issue as fully paid and non-assessable, any unissued shares, any bonds, debentures or debt obligations of the Company as a dividend representing such undistributed surplus on hand or any part thereof.

21. DOCUMENTS, RECORDS AND REPORTS

21.1 Keeping Documents, Minutes, etc.

The Company shall keep at its records office, or at such other place as the *Company Act* may permit, the documents, copies, registers, minutes and records which the Company is required by the *Company Act* to keep at its records office or such other place, as the case may be.

21.2 Keeping Books of Account

The Company shall cause to be kept, proper books of account and accounting records in respect of all financial and other transactions of the Company in order properly to record the financial affairs and condition of the Company and to comply with the *Company Act*.

21.3 Inspection of Accounting Records

The books of account and accounting records shall be kept at the registered office of the Company or at such other place as the Directors deem appropriate, and shall always be open to inspection by the Directors and Members during business hours.

21.4 Preparation and Presentation of Financial Statements

The Directors shall, from time to time, at the expense of the Company, cause to be prepared and laid before the Company in general meeting, such financial statements and reports as are required by the *Company Act*.

21.5 Members Entitlement to Financial Statements

On demand, every Member shall be entitled, without charge, to a copy of the latest annual financial statement of the Company and, if so required by the *Company Act*, a copy of each such annual financial statement and interim financial statement shall be mailed to each Member.

22. NOTICES

22.1 Method of Giving Notice

A notice, statement or report may, unless specifically set out otherwise in these Articles, including without limitation pursuant to the Special Notice Provisions, be given or delivered by the Company to any person either by delivery to that person personally or to his or her address or by sending it by mail to the address as recorded in the Register. Where a notice, statement or report is sent by mail, service or delivery of the notice, statement or report shall be effected by properly addressing, prepaying and mailing the notice, statement or report and shall be deemed to have been given three days (Saturdays, Sundays and statutory holidays excepted) following the date of mailing. A certificate signed by the Secretary or other officer of the Company or of any other corporation acting in that behalf for the Company, stating that the letter, envelope or wrapper containing the notice, statement or report was so addressed, prepaid and mailed shall be conclusive evidence thereof.

22.2 Notice to Registered Holders

A notice, statement or report may be given or delivered by the Company to the Registered Holders of a Unit of Shares by giving the notice to each of the Registered Holders named in the Register in respect of the Unit of Shares.

22.3 Notice to Personal Representative

A notice, statement or report may be given or delivered by the Company to the Personal Representative entitled to receive notice in consequence of the death, bankruptcy or incapacity of a Member by sending it through the mail, prepaid and addressed, by name or by the title of Personal Representatives of the deceased or incapacitated person or trustee of the bankrupt at the address (if any) supplied to the Company for the purpose by the persons claiming to be so entitled or (until such address has been so supplied) by giving the notice in a manner in which the same might have been given if the death, bankruptcy or incapacity had not occurred.

22.4 Persons to Receive Notice

Notice of every general meeting or meeting of Members holding a class of shares shall be given in a manner hereinbefore authorized to every Member holding, at the earlier of the time of the issue of the notice or the date fixed for determining the Members entitled to such notice, shares which confer the right to notice of and to attend and vote at any such meeting. No other person shall be entitled to receive notices of any such meeting except the auditor and Directors of the Company and any regulatory authority to which the Company is required by law to give any such notice.

23. RECORD DATES

23.1 Fixing Record Date

The Directors may fix in advance, a date, which shall not be more than the maximum number of days permitted by the *Company Act*, preceding the date of any meeting of Members or any class thereof or of the payment of any dividend or of the proposed taking of any other proper action requiring the determination of Members, as the record date for the determination of the Members entitled to notice of, or to attend and vote at any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or for any other proper purpose and, in such case, notwithstanding anything elsewhere contained in these Articles, only Members of record on the date so fixed shall be deemed to be Members for the purposes aforesaid.

23.2 Where No Record Date Fixed

Where no record date is fixed for the determination of Members as provided in the preceding Article, the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, shall be the record date for such determination.

24. SEAL

24.1 Custody and Use of Seal

The Directors may provide a Seal for the Company and, if they do so, shall provide for its safe custody and it shall not be impressed on any instrument except when such impression is attested by the signature or signatures of:

- (a) any two Directors;
- (b) any officer together with any Director; or
- (c) such one or more Directors or officers or persons as may be prescribed, from time to time, by resolution of the Directors.

Provided that, for the purpose of certifying under seal true copies of any resolution or other document, the Seal may be impressed on such copy attested by the signature of any Director or officer.

24.2 Mechanical Reproduction of Seal

To enable the Seal to be affixed to any bonds, debentures, share certificates 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 *Company Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the firm or company employed to engrave, lithograph or print such definitive or interim bonds, debentures, share certificates or other securities, one or more unmounted dies reproducing the Seal and the Chairman of the Board, the President, the Managing Director or a Vice-President, together with the Secretary, Treasurer, Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer or an Assistant Secretary-Treasurer may, in writing, authorize such firm or company to cause the Seal to be affixed to such definitive or interim bonds, debentures, share certificates or other securities by the use of such dies. Bonds, debentures, share certificates or other securities to which the Seal has been so affixed shall, for all purposes, be deemed to be under and to bear the Seal lawfully affixed thereto.

25. OCCUPANCY OF SITES

25.1 Unit of Shares

One common share and fifty preference shares (or less as may be redeemed by the Company) shall constitute and be referred to in these Articles as a "Unit of Shares".

25.2 Exclusive Right to Occupy Particular Site

Each Unit of Shares shall have attached to it, subject to the provisions of the Memorandum, these Articles, and to the terms and conditions contained in the Site License Agreement, the exclusive right vested in the Member of each Unit of Shares, for the period during which such person is so registered, exclusive possession, use, occupancy and enjoyment of the particular Site related to such Unit of Shares. The Directors will by resolution designate the particular Unit of Shares which will relate to

each Site, and upon being so designated, such Unit of Shares will thereafter relate specifically to that Site.

25.3 Site License Agreement

It is a condition of the Company registering a Member or Registered Holder as such in the Register that the Member or the Registered Holder has entered into an agreement with the Company in the form of a Site License Agreement with respect to the Site related to the particular Unit of Shares.

26. ASSIGNMENT OF RIGHTS

The exclusive right of possession, use, occupancy and enjoyment of a Site and any rights under the Site License Agreement shall be assignable and transferable, but only to the transferee of the Unit of Shares related to the particular Site, pursuant to Articles 4, 5 and 6. It is a condition of the Company agreeing to the transfer that the transferee shall enter into an assignment of the Site License Agreement. Upon transfer of the entire Unit of Shares held by any Member, all rights of the transferor to exclusive possession, use, occupancy and enjoyment of the Site related to such Unit of Shares and the buildings, improvements, works and fences located on the Site, shall forthwith be terminated.

27. SITE BOUNDARIES

27.1 Boundaries

The boundaries of each Site shall be laid out and determined by the Directors.

27.2 Boundaries may be Altered

The Directors may, at any time, at the request of the Member or all Registered Holders holding a particular Unit of Shares, determine the boundaries of any Site. Notwithstanding any rights the Members may otherwise have to mediation or arbitration pursuant to these Articles, the determination of the Directors pursuant to this Article 27 will be final and binding on all parties.

28. ASSESSMENTS, FINES AND CHARGES

28.1 Members to Pay

All taxes, mortgage indebtedness, insurance, such reasonable reserves as may be reasonably determined by the Directors, the costs of maintenance, improvement and operation of the Company's property, and all other expenses of the Company shall be met and paid by assessments made against the Members of the Company in the following manner:

- (a) all taxes, rates and charges assessed, levied or imposed by any competent government authority against or upon the Company or its property in respect of or by reason of any building or other improvements or works upon a particular Site and any premiums of insurance paid by the Company with respect to such buildings, improvements or works, or of the Unit of Shares related to such Site shall be paid by the Member;

- (b) all other taxes, rates and charges assessed, levied or imposed by any competent government authority against or upon the Company or its property and all mortgage indebtedness, such reasonable reserves as may be reasonably determined by the Directors, all costs of maintenance, improvement and operation of the Company's property and all other expenses of the Company shall be paid by the Members in proportion to their common shareholdings in the Company;
- (c) the Directors shall, in each and every year, lay before the annual general meeting of the Company, an estimate of the Company's expenditures for the coming year, including but without limiting the generality of the foregoing for all taxes, mortgage indebtedness, reasonable reserves, insurance, costs of maintenance, improvement and operation of the Company's property and all other expenses of the Company, and such estimate will be approved by a resolution passed by greater than 50% of those Members present in person or by proxy and entitled to vote at a general meeting of the Company;
- (d) the Directors may arrange for an improvement or work to be done on the Company's property, and may assess the Members for the work done. In calculating the assessment of the Members, the Directors will take into account the fact that any improvement placed or to be placed, or work done or to be done on or about the Company's property does not or will not benefit equally all Members and the Directors may vary the proportions of the assessment in respect to such improvements or work to compensate for such inequality of benefit;
- (e) the Directors shall, in accordance with the estimates as so approved forthwith, levy an assessment against each Member for his proportionate share of such expenditures;
- (f) the Directors may levy further and additional assessments from time to time during the year, provided however, that such additional assessments shall have been first approved by greater than 50% of those Members present in person or by proxy and entitled to vote at a general meeting of the Company;
- (g) the Directors may, by a resolution of the Board, decide to spend the funds of the Company without obtaining approval in advance from the Members when the Directors deem it necessary to do so in the best interests of the Company; and
- (h) if the Company incurs an expense on behalf of one or more of the Members, the Company will bill the Member for the expense and the Member will pay the amount due within a reasonable time.

28.2

Payment of Fine

- (a) Any Member who violates or infringes these Articles, the Site License Agreement, or the Rules and Regulations shall be liable to pay to the Company a fine, the amount of which shall be determined by the Directors at a meeting called for the purpose of considering the matter, provided that the Member under consideration is given 14 days notice of that meeting and an opportunity to address the Directors at that meeting;

- (b) If the Directors determine a fine to be payable by a Member, that Member or the Registered Holders for the Unit of Shares, as the case may be, will pay the fine to the Company.

28.3 Payment of Assessments and Interest

All assessments, fines or charges shall be due and payable by the Members when they are levied and shall be paid to the agent of the Company or the treasurer of the Company, whichever shall be designated by the Directors. The Directors may, in their discretion, charge interest to the Members at the rate per annum to be determined by the Directors for payments of assessments, fines, charges or other debts owing that are 30 days overdue.

29. COMPANY'S REMEDIES

29.1 Right to Possession or Sale For Unpaid Amounts

If any Member defaults in the payment of any assessment, fine or charge properly made by the Directors or of any debt which may be due by the Member to the Company however incurred and such default continues for a period of 90 days after the same is due and payable, the Company has a lien upon the Shares in respect of which the assessment, fine or charge is not paid, and the Directors may, by giving notice to the Member or all Registered Holders for that Unit of Shares by Special Notice Provisions do either or both of the following:

- (a) suspend the right of such Member, or all Registered Holders for that Unit of Shares as the case may be, to the exclusive possession, use, occupancy and enjoyment of the Site related to the Unit of Shares and the Company may enter upon such Site and take possession of the same, and any improvements, buildings or works located on the Site: and
- (b) sell the Unit of Shares in the following manner:
 - (i) The Company may sell, in the manner provided in Article 4.4(f), but no sale shall be made unless 10 days have passed since the Company has given notice in writing pursuant to the Special Notice Provisions to the Member, or if the Member is one of the Registered Holders of the Unit of Shares, all of the Registered Holders of the Unit of Shares, or the Personal Representative of a Member, or a trustee in bankruptcy of a Member, stating and demanding payment of that part of the lien that is presently payable;
 - (ii) To give effect to any such sale, the Directors may authorize any person they deem appropriate to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as a Member of the Company and the purchaser shall not be bound to see to the application of the purchase money, nor shall the purchaser's title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale;

- (iii) The proceeds of the sale shall be received by the Company and applied in payment of that part of the lien that is presently payable, and the Company may deduct all the costs incurred by the Company for the sale, including all legal fees incurred by the Company, and the residue, if any, shall (subject to a like lien for sums not presently payable existing before the sale) be paid to the Member whose Unit of Shares has been sold;

29.2 Company's Rights Against Member in Violation

If a Member continues to violate any of the Rules and Regulations, the Site License Agreement, or any of his obligations under these Articles and fails to remedy any such violation which is capable of being remedied within the time specified by the Directors, after the Directors have given notice in writing to such Member with respect to such violation, the Directors may, by resolution, fine the Member or suspend the right of such Member or all Registered Holders as the case may be to the exclusive possession, use, occupancy and enjoyment of the Site related to his Unit of Shares and the Company may enter upon such Site and take possession of the same, and any improvements, buildings or works located on the Site. The Directors will cause notice of the resolution passed by the Directors to fine, or suspend the Member to be given pursuant to the Special Notice Provisions to the Member or all Registered Holders of the Unit of Shares.

29.3 Obligation to Pay Assessments Continues

No suspension of rights under these Articles shall relieve a Member from the obligation to pay any assessment levied upon the Members of the Company during the period of suspension.

29.4 Payment or Remedy By Member

- (a) Upon payment by the Member of any such assessment, fine or charge, or upon remedy of his violation of the Rules and Regulations to the satisfaction of the Directors, or upon agreement by the Member to the satisfaction of the Directors to conform with the Rules and Regulations or the Site License Agreement, as the case may be, the suspension of rights hereinbefore provided shall cease and the Member shall resume his rights in respect to the Site related to his Unit of Shares;
- (b) If the Company incurs any expenses or costs as a result of the Company suspending the rights of a Member, including any collection costs, the Member must pay the expenses or costs incurred before the Member will be permitted to resume his rights in respect to the Site related to the Unit of Shares.

30. MEMBERS BOUND

A Member and the occupants of any Site shall, at all times, be bound by and subject to the provisions of these Articles, the Land Use Contract, the Site Licence Agreement and the Rules and Regulations.

31. BUILDINGS

31.1 Entitlement to Build

A Member shall be entitled to build and maintain upon the Site related to his Unit of Shares, not more than one dwelling for one family or household unit with such sleeping houses and other out-buildings which may be necessary or desirable for the accommodation and use of such one family or household. Before the Member erects or constructs a building, fence, improvement or work of any kind or any addition or alteration to any work of any kind, the Member will submit the proposal to erect such building or fence, or make such improvement, addition, or alteration, in writing to the Directors, who have the right and power to approve or reject the same.

31.2 Building Compliance

All Members will ensure that all construction and all buildings, fences, improvements and works on their Sites comply with the Land Use Contract, these Articles, the Site Licence Agreement, the Rules and Regulations and all applicable municipal, governmental, or other authority's regulations or laws and the Member will obtain the consent of the Company for the application for all necessary building permits, and will obtain all necessary building permits.

31.3 Property of Member

Any building, fence or other improvement and work erected or constructed upon a Site by a Member shall be the property of the Member subject to the rights of the Company set out in these Articles, including without limitation, the right of the Company to order the Member to tear down the improvement, building, fence or work if the Member does not comply with the provisions of these Articles, the Rules and Regulations or the Site Licence Agreement, and subject to the rights of the Company to the building, improvement, fence or work erected or constructed, pursuant to the laws of British Columbia. The Member will not sell, assign, hypothecate or transfer in any other way any of the interest of the Member in the building or other improvements to any other person, other than coincidentally with the sale or transfer of the Member's interest in the Unit of Shares pursuant to these Articles.

31.4 Duties Relating to Occupancy

A Member shall, at all times, and at his own expense, keep all buildings, fences, improvements and works upon the Site related to his Unit of Shares in a reasonable state of repair.

31.5 Nuisances

Each Member shall maintain the Site related to his or her Unit of Shares in such a manner as does not cause any environmental hazard or concern, fire hazard or nuisance and does not interfere with other Members in the enjoyment of their Sites and other parts of the Company's property.

31.6 Company Entitled to Remove Buildings

If the Member has not complied with the Site License Agreement, the Rules and Regulations, or his obligations under these Articles and the Directors give notice to the Member to remove the building, fence, improvement or any work located on the Site for which that Member has a Site License Agreement, and the Member refuses to remove the building, improvement, fence or work, the Directors will, after the expiry of a reasonable period of time determined by the Directors, cause the building, fence, improvement or work to be removed or destroyed in the sole discretion of the Directors, and the Company will assess the Member for all associated costs incurred by the Company in arranging for the destruction or removal.

32. OCCUPATION OF, AND WORK ON SITE BY OTHERS

32.1 Granting Permit

A Member may, if he and his immediate family do not wish to make use of the Site related to his Unit of Shares for any period in any year, permit the possession, use, occupancy and enjoyment of his Site by another person, whether such person is a Member of the Company or not, on such terms as may be arranged between that person and the Member. The Member shall notify the caretaker verbally and the secretary of the Company in writing, of the granting of such a permit, stating the name, address and occupation of the person and the duration of the permit, and an undertaking by that person to abide by these Articles, Site Licence Agreement and the Rules and Regulations. The Member will ensure that the person is aware of the rules with respect to the occupancy of the Site, and the Member will be responsible for any infractions by the person. The Directors may by notice given in writing, revoke such permit for any reasonable cause, in their sole discretion. Such permit shall confer upon the permittee no rights whatever against the Company, save such reasonable use of the facilities and property of the Company as the Directors may in their sole discretion determine and the permittee shall hold his right of possession, use, occupancy and enjoyment of a Site only by sufferance.

32.2 Member Not Relieved of Obligation

The granting of a permit pursuant to this Article shall not relieve the Member from his obligation to pay assessments and to perform and observe his other obligations arising from these Articles, the Site License Agreement and the Rules and Regulations.

32.3 Workers On Site

If a Member arranges for a worker to work on a Member's building, improvement, fence, or other work, or to perform other work as permitted by these Articles, the Member will notify the Directors and the caretaker in advance. The Member will ensure that the worker is aware of the rules with respect to the occupancy of the Site, and the Member will be responsible for any infractions by the worker. If the Directors receive a complaint concerning the activities of the worker, the Directors will immediately notify the Member responsible for that worker of that complaint. If the worker does not remedy the complaint, or if the worker commits another infraction, the Directors have the right to evict the worker from the Site and to prevent the worker from returning.

32.4 Indemnification by Member

The Member will indemnify and save harmless the Company for any costs incurred or damages suffered by the Company pursuant to this Article 32.

33. LIENS

No Member shall permit any lien to be placed upon or against the property of the Company by reason of any building, fence, work, or improvement carried out by him or on his behalf upon the Site related to his Unit of Shares or any other part of the property of the Company and, should any lien arise against the property of the Company by reason of such building, fence, or work or improvement done by the Member or on his behalf, the Company may pay and discharge the same and require the Member to forthwith pay the amount so expended to the Company as an additional assessment and such amount shall be payable forthwith on demand.

34. RULES AND REGULATIONS

The Directors shall have the power, from time to time, to make, alter and repeal rules and regulations generally for the proper conduct and management of the Company's property and the better enjoyment by Members of the Company's property (referred to in these Articles as the "Rules and Regulations"), and without limiting the generality of the foregoing, for the regulation of nuisances, sanitation and sanitary facilities, environmental issues, construction of buildings, fire prevention, tree cutting, importation and use of vehicles, liability insurance, boat landings and mooring floats and the supply and distribution of fresh water.

35. DECLARATION OF UNFITNESS

- (a) If any Member has had his rights suspended as provided in Article 29 and that Member has either: not rectified the reason for the suspension within 24 months; or has his rights suspended a second time within 12 months after the first suspension is rectified, the Directors may, by resolution, declare such Member unfit to remain a Member and the Directors will notify that Member or the Personal Representative of that Member, or trustee in bankruptcy of that Member as the case may be, and if that Member is a Registered Holder, all Registered Holders of the Unit of Shares, forthwith in writing of such declaration pursuant to the Special Notice Provisions;
- (b) After notification of such declaration the Directors may suspend the right of the affected Member and all Registered Holders as the case may be to the exclusive possession, use, occupancy and enjoyment of the Site related to that Unit of Shares and maintain the suspension until that Unit of Shares has been sold as herein provided;
- (c) Upon the making of such a declaration, the Member shall have six months from the date of notification of such declaration to him in which to sell the Unit of Shares to some person approved by the Directors under the provisions of these Articles regulating the transfer of shares, pursuant to Article 4.4;

- (d) If no transfer of the Member's Unit of Shares is approved within the said period of six months, then the Directors shall be empowered to sell the Unit of Shares of the Member in the manner prescribed in Article 4.4 at such price as they shall, in their sole discretion determine, and shall be further empowered to receive the purchase money for the same and to cause the name of the purchaser to be entered upon the Register as the holder of such shares and to receive the purchase money in trust for the retiring Member, or her or his Personal Representative, as the case may be, and the receipt of the Company for the purchase money shall be a good discharge to the purchaser who shall not be bound to see to the application in the Register. The validity of the proceedings shall not be questioned by any person and the purchaser shall be deemed and taken to be the owner of the Unit of Shares so purchased.

36. SALE OF UNDERTAKING OF COMPANY

36.1 Transfer of Ownership of Buildings

If the Company resolves to sell substantially all of the undertaking of the Company, or is forced to liquidate, dissolve or wind-up the Company, whether voluntary or involuntary, and the Company so requires, each Member of the Company must transfer all right, title and interest of the Member in and to all buildings, fences, improvements or works located on the Site occupied by the Member, to the order of the Company, for the consideration determined by the Company pursuant to Article 37. If the Company does not require the transfer of the buildings, fences, improvements or works of some or all of the Members, the Company will give notice to those Members that they must remove all personal property and all buildings, fences, improvements or works from the Company property at the cost of the Member, within a reasonable time to be determined by the Directors, in which case, the amount to be paid for the Member's shares will be limited to the amount determined by the Directors as the appropriate amount for the bare Site pursuant to Article 37.

36.2 Cost to Remove Improvements

If the Directors give notice to the Member to remove the personal property, buildings, fences, improvements or works from the Company property, and a Member refuses to do so, the Directors will, after the expiry of reasonable time determined by the Directors, cause the personal property, buildings, fences improvements or works to be removed, and all associated costs incurred by the Company to remove the personal property, buildings, fences, improvements or works from the Company property will be deducted by the Directors from the amount otherwise owing to that Member as determined by the Directors as the appropriate amount for the bare Site pursuant to Article 37.

37. AMOUNT TO BE PAID TO MEMBER

If the Company resolves to sell substantially all of the undertaking of the Company, or in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the Directors will arrange for the Members of all classes of preference shares to be paid the redemption amount of the preference shares in priority to any other payments to be made to the classes of common shares. If the Company has given notice to a Member to remove the buildings, fences, improvements or work from the Site, then the Directors will determine the price to be paid for the bare

Site related to that class of common shares for the Unit of Shares of that Member as the consideration for that class of common shares of that Member. If the Company does not require the Member to remove the buildings, fences, improvements or work from the Site, then the Directors will arrange for the Members of each class of common shares to be paid the amount equal to the consideration determined by the Directors for that Site (including all buildings, fences, improvements and works located on that Site) related to the Unit of Shares of those Members. The Directors may establish, determine, and finally settle the amounts to be paid for:

- (a) all buildings, fences, improvements and works upon the various Sites on the Company's property; and
- (b) the amount to be paid for the bare Site related to each Unit of Shares,

provided only that for such purpose they obtain the advice of one or more professionally qualified valuers or appraisers, and the amounts to be paid for said buildings, fences, improvements and works and the bare Sites so established, determined, and finally settled by the Directors shall be binding upon the Company and all the Members of the Company, with no right of mediation or arbitration as otherwise permitted by Article 38.

38. DEFAULT AND DISPUTE RESOLUTION

The following provisions shall apply in the event of any dispute between the Company and a Member or Members or any dispute between any Member or Members and any other Member or Members arising from the operation of these Articles, the Site License Agreement, the Rules and Regulations, or any rights, privileges and obligations of the Members or Directors or the Company unless these Articles specify that this Article does not apply:

- (a) At any time prior to the reference of the dispute to arbitration pursuant to subparagraph (b), any Member or the Company may request by notice in writing to the Company and to the other parties to such dispute that a mediator be appointed to assist in the resolution of the dispute. In such event, the Board of Directors of the Company may appoint a mediator. The mediator may be a Member or a Director or any other person. The mediator shall be appointed within thirty days of receipt by the Company of such notice. The mediator shall meet with the parties to the dispute, and such other persons as the mediator considers necessary or appropriate, with a view to attempting to resolve the dispute without the necessity of legal, arbitration or other proceedings. In the event that the dispute is not successfully resolved by agreement between the parties to the dispute within sixty days of the appointment of the mediator, any of the parties may refer the matter in dispute to arbitration pursuant to subparagraph (b), or may take such other steps or proceedings as they may be entitled to take pursuant to these Articles or otherwise at law. During such sixty day period, neither the Company nor any Member who is a party to the dispute shall commence or continue any legal, arbitration or other proceedings in respect of such dispute;
- (b) Subject to paragraph (a), any dispute may be referred to arbitration by the Board of Directors. In such event, the dispute shall be determined by arbitration before a single arbitrator who shall be appointed by agreement between the parties to the dispute, or in default of agreement within thirty days appointed pursuant to the Commercial Arbitration

Act of British Columbia, as amended from time to time, or any successor legislation. The arbitrator may be a Member or a Director or any other person. The procedure to be followed during the arbitration shall be as agreed by the parties or, in default of agreement, as determined by the arbitrator. The award of the arbitrator is final and binding on the parties to the dispute. The arbitration shall be subject to the provisions of the Commercial Arbitration Act of British Columbia, as amended from time to time, or any successor legislation.

39. SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO THE COMMON SHARES AND THE PREFERRED SHARES

39.1 Definitions

In this Article 39, "Common Share" or "Common Shares" shall mean all the classes of issued common shares in the capital of the Company, and "Preferred Share" or "Preferred Shares" shall mean the issued preference shares with a par value of \$50 each in the capital of the Company.

39.2 Dividend Rights

The Directors may declare and pay dividends on the Common Shares without declaring or paying dividends on any Preferred Shares. The Directors may declare and pay dividends on the Preferred Shares without declaring or paying dividends on the Common Shares.

39.3 Voting Rights

The holders of the Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company. Each Common Share shall be entitled to one vote, and the Registered Holders will vote their Common Shares as provided in Article 5. The holders of the Preferred Shares are not entitled to receive notice of, to attend or to vote at any general meeting of members of the Company.

39.4 Modification of Special Rights and Restrictions

Preferences, qualifications, limitations, restrictions and rights herein given to one or more classes of the Common Shares may not be altered, amended or changed in any way without a resolution passed by a majority of not less than three-quarters of the then registered holders of each class of the Common Shares. Preferences, qualifications, limitations, restrictions and rights herein given to the Preferred Shares may not be altered, amended or changed in any way without a resolution passed by a majority of not less than three-quarters of the then registered holders of the Preferred Shares.

39.5 Redemption Rights

The Company may, upon giving notice as provided in Article 22, redeem the whole or any part of the Preferred Shares on payment for each share to be redeemed 100% of the amount paid by the Member for the shares. The Company will make the offer to redeem the Preferred Shares *pro rata* to every Member who holds Preferred Shares. The Company will give not less than 21 days' notice in writing of

such redemption by mailing such notice to the Members who are holders of the shares to be redeemed, specifying the date and place or places of redemption. If the Company gives notice of any such redemption in the manner stipulated in these Articles, and the Company deposits an amount sufficient to redeem the shares with any trust company or chartered bank in Canada, as specified in the notice, on or before the date fixed for redemption, the Members who hold the Preferred Shares that have been redeemed will thereafter have no rights against the Company in respect thereof except, upon the surrender of certificates for such shares, to receive payment therefor, without interest, out of the monies so deposited. The holders of the shares to be redeemed may waive any notice required to be given under this Article 39.5 and such waiver, whether given before or after the redemption, shall cure any default in giving such notice.

39.6 New Certificate issued

If a part only of the Preferred Shares of any class represented by any certificate are to be redeemed, then a new certificate representing the shares which are not to be redeemed shall be issued at the expense of the Company.

39.7 Winding Up, Liquidation or Dissolution

On winding-up, liquidation or dissolution of the Company or on the occurrence of another event that would result in the holders of the Preferred shares being entitled to a return of capital, the holders of Preferred Shares are entitled to a return of capital, in priority to the Common Shares, in the amount paid up by each Member on each Preferred Share together with the amount of all declared and unpaid dividends (if any), and after those amounts have been paid, the Preferred Shares will not share in any distribution of capital of the Company. After the paid up amount has been paid to the holders of the Preferred Shares, and subject to the conditions set out in Article 37, the Members holding each class of Common Shares will be entitled to be paid the amount determined by the Directors pursuant to Article 37. After the Company has paid to each Member the amount determined pursuant to Article 37, the Members holding all the classes of Common Shares are entitled to share equally in distribution of the remaining assets of the Company, if any.

40. SALE OF SHARES AND DEBT OBLIGATIONS TO PUBLIC

No shares or debt obligations issued by the Company shall be offered for sale to the public.

BUCCANEER BAY HOLDINGS LTD.

ARTICLES

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BUCCANEER BAY HOLDINGS LTD.
(the "Company")

Effective
June 22, 2005

EXTRACT SPECIAL RESOLUTION
PASSED BY CONSENT OF ALL THE DIRECTORS
OF THE COMPANY AS OF MARCH 4, 2005

"....

2. The Articles be amended, by a special resolution, such that the provisions in paragraph 1 of the Memorandum of the Company be moved to the Articles of the Company by adding, as Part 41 – Business Restrictions, to the Articles, as in the attached Schedule A;

...."

SCHEDULE "A"

41. BUSINESS RESTRICTIONS

The Company is restricted from carrying on all business except:

to maintain and operate property owned now or in the future by the Company as a resort and estate for the sole use, pleasure, recreation and benefit of the Members of the Company and their families.