


ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE *Mr.*) WEDNESDAY, THE 20TH
JUSTICE *Hainey*) DAY OF JANUARY, 2016



IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
AND
IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO

APPROVAL AND VESTING ORDER
(Vacant Lots)

THIS MOTION, made by A. Farber & Partners Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of 1711060 Ontario Ltd. (previously known as 780550 Ontario Ltd.) and King City Holdings Ltd. (collectively the "**Companies**") and the other debtors referred to at Schedule A attached hereto (collectively, the "**Debtors**"), for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale between the Receiver and Michael Cortellucci (the "**Purchaser**") made as of July 16, 2015 (the "**Sale Agreement**") and amended October 7, 2015, and appended to the seventeenth report to Court of the Receiver dated January 12, 2016 (the "**Seventeenth Report**"), vesting in the Purchaser all of the right, title and interest of the Companies, if any, in and to the Purchased Assets (being the Real Property as defined in the Sale Agreement) and sealing and treating confidential Confidential Appendix 1 to the Seventeenth Report until closing of the Transaction, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Seventeenth Report and on hearing the submissions of counsel for the Receiver, and no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Stephanie Waugh sworn January 12, 2016 and January 13, 2016 filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule B hereto (the "**Receiver's Certificate**"), all of the Companies' right, title and interest in and to the Purchased Assets, if any, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Campbell dated October 17, 2012; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule D hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule E) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3A THIS COURT DECLARES that with respect to the portion of the Real Property (as defined below) comprising PIN 03385-0094(LT) currently registered in the name of 780550 Ontario Inc. (i) such property was mistakenly transferred into the name of 780550 Ontario Inc. by transfer registered as Instrument No. R680598 on July 5, 1996 (a copy of which is attached hereto as Schedule F) and should have properly been transferred into the name of 780550 Ontario Ltd.; and (ii) is currently owned by 1711060 Ontario Ltd. a corporation formed by articles of amalgamation (being an amalgamation of 780550 Ontario Ltd. and 1304107 Ontario Inc.) dated as of January 1, 2007 a copy of which are attached hereto as Schedule G.

3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Titles Division of York of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule C hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule D hereto.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that, notwithstanding:

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Debtors;

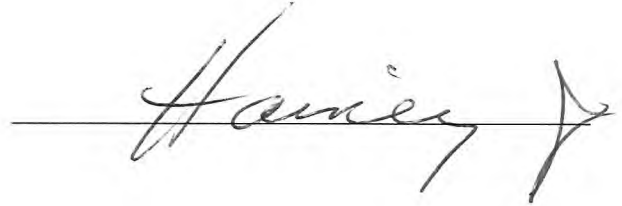
the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Debtors and shall not be void or voidable by creditors of any of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

8. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

9. THIS COURT ORDERS AND DECLARES that the relief granted by this order is subject to provisional execution.

10. THIS COURT ORDERS that Confidential Appendix 1 to the Seventeenth Report be and is hereby sealed and treated as confidential pending filing of the Receiver's Certificate pursuant to paragraph 5 hereof or further order of the Court.

A handwritten signature in black ink, appearing to read "Hamer", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 20 2016

A small, handwritten blue mark, possibly a stylized "h" or a checkmark, is located below the date stamp.

Schedule A – Debtors

1281515 Ontario Inc.

2338067 Ontario Inc.

2198392 Ontario Ltd.

King City Holdings Ltd.

Guelph Financial Corporation

Briarbrook Apartments Inc.

2009031 Ontario Inc.

1267818 Ontario Ltd.

1711060 Ontario Ltd.

1182689 Ontario Inc.

Ace Self Storage and Business Centre Inc.

Schedule B – Form of Receiver’s Certificate

Court File No. CV-12-9794-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

AND

**IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE “A” HERETO**

**RECEIVER’S CERTIFICATE
(Vacant Lots)**

RECITALS

A. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (the “**Court**”) dated October 17, 2012, A. Farber & Partners Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of 1711060 Ontario Ltd. (previously known as 780550 Ontario Ltd.) and King City Holdings Ltd. (collectively the “**Companies**”) and the other debtors referred to at Schedule A of the order.

B. Pursuant to an Order of the Court dated January 20, 2016, the Court approved an agreement of purchase and sale between the Receiver and Michael Cortellucci (the “**Purchaser**”) made as of July 16, 2015 and amended October 9, 2015 (“**Sale Agreement**”), and provided for the vesting in the Purchaser of the Companies’ right, title and interest, if any, in and to the Purchased Assets (being the Real Property as defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased

Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [TIME] on _____ [DATE].

**A. Farber & Partners Inc., in its capacity
as Receiver of the undertaking, property
and assets of the Companies', and not in
its personal capacity**

Per: _____
Name:
Title:

Schedule C – Real Property

PIN	DESCRIPTION	REGISTERED OWNER
03385-0099(LT)	PT LT 6 PL 165 KING AS IN R680594 (THIRDLY, FOURTHLY & FIFTHLY); KING	King City Holdings Ltd.
03385-0105(LT)	PT LT 6 PL 165 KING AS IN R680594 (SIXTHLY, SEVENTHLY & EIGHTHLY); KING	King City Holdings Ltd.
03385-0107(LT)	PT LT 6 PL 165 KING AS IN R680594 (FIRSTLY); KING	King City Holdings Ltd.
03385-0109(LT)	PT LT 6 PL 165 KING AS IN R680594 (SECONDLY); KING	King City Holdings Ltd.
03385-0094(LT)	PT LT 6 PL 165 KING AS IN R680598; KING	780550 Ontario Inc.

Schedule D – Claims to be deleted and expunged from title to Real Property

PIN 03385-0099(LT)

1. Instrument No. YR1904409 registered on November 29, 2012 being a Application to Register a Court Order.

PIN 03385-0105(LT)

1. Instrument No. YR1904409 registered on November 29, 2012 being a Application to Register a Court Order.

PIN 03385-0107(LT)

1. Instrument No. YR1904409 registered on November 29, 2012 being a Application to Register a Court Order.

PIN 03385-0109(LT)

1. Instrument No. YR1904409 registered on November 29, 2012 being a Application to Register a Court Order.

PIN 03385-0094(LT)

1. Nil.

**Schedule E – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

PIN 03385-0099(LT)

1. Instrument No. IF351 registered on February 19, 1951 being a Bylaw.
2. Instrument No. IF367 registered on April 28, 1952 being a Bylaw.

PIN 03385-0105(LT)

1. Instrument No. IF351 registered on February 19, 1951 being a Bylaw.
2. Instrument No. IF367 registered on April 28, 1952 being a Bylaw.

PIN 03385-0107(LT)

1. Instrument No. IF351 registered on February 19, 1951 being a Bylaw.
2. Instrument No. IF367 registered on April 28, 1952 being a Bylaw.
3. Instrument No. R484439 registered on October 3, 1988 being a Declaration from the Corporation of the Township of King regarding the Municipal Tax Sales Act.

PIN 03385-0109(LT)

1. Instrument No. IF351 registered on February 19, 1951 being a Bylaw.
2. Instrument No. IF367 registered on April 28, 1952 being a Bylaw.

PIN 03385-0094(LT)

1. Instrument No. IF351 registered on February 19, 1951 being a Bylaw.
2. Instrument No. IF367 registered on April 28, 1952 being a Bylaw.

Schedule F - Transfer



Transfer/Deed of Land

Amended NOV. 1992

680598

Form 1 - Land Registration Reform Act

A

PROPERTY OF THE REGISTRY OFFICE Number: CERTIFICATE OF REGISTRATION 1996 JUL -5 A 11 21 New Property Identifiers Executions Lot 6 Plan 165 KING	(1) Registry <input checked="" type="checkbox"/> Land Titles <input type="checkbox"/>	(2) Page 1 of 3 pages	
	(3) Property Identifier(s) Block Property	Additional: See Schedule <input type="checkbox"/>	
	(4) Consideration Twenty one Thousand, Nine Hundred and Eighty Two Dollars \$ 21,982.00		
	(5) Description This is a: Property Division <input type="checkbox"/> Property Consolidation <input type="checkbox"/> Part of Lot 6, Plan 165 Township of King, Regional Municipality of York, See Schedule page No. 2. As previously described in Instrument No. 627948.		
(6) This Document Contains	(a) Redescription New Easement Plan/Sketch <input type="checkbox"/>	(b) Schedule for: Description <input checked="" type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input type="checkbox"/>	(7) Interest/Estate Transferred Fee Simple
(8) Transferor(s) The transferor hereby transfers the land to the transferee and certifies that the transferor is at least eighteen years old and that Name(s) 760793 ONTARIO LIMITED Signature(s) [Signature] Date of Signature Y M D 1996 07 04 Gordon Phillips, President I have authority to bind the Corporation.			
(9) Spouse(s) of Transferor(s) I hereby consent to this transaction Name(s) Signature(s) Date of Signature Y M D			
(10) Transferor(s) Address for Service 4046 Summit Court, Mississauga, Ontario L5L 3J2			
(11) Transferee(s) Name(s) 780550 ONTARIO INC. Date of Birth Y M D			
(12) Transferee(s) Address for Service Box 59, King City, Ontario L7B 1A4			
Planning Act - OPTIONAL This document is required by the Planning Act if necessary	(13) Transferor(s) The transferor certifies that to the best of the transferor's knowledge and belief, this transfer does not contravene section 50 of the Planning Act. Signature Date of Signature Y M D Solicitor for Transferor(s) I have explained the effect of section 50 of the Planning Act to the transferor and I have made inquiries of the transferor to determine that this transfer does not contravene that section and based on the information supplied by the transferor, to the best of my knowledge and belief, this transfer does not contravene that section. I am an Ontario solicitor in good standing. Name and Address of Solicitor Signature Date of Signature Y M D		
	(14) Solicitor for Transferee(s) I have investigated the title to this land and to adjoining land where relevant and I am satisfied that the title records reveal no contravention as set out in subclause 50 (2) (c) of the Planning Act and that to the best of my knowledge and belief this transfer does not contravene section 50 of the Planning Act. I act independently of the solicitor for the transferor(s) and I am an Ontario solicitor in good standing. Name and Address of Solicitor Signature Date of Signature Y M D		
	(15) Assessment Roll Number of Property City: 19 49 000 Map: 047 Par: 85200		
(16) Municipal Address of Property 14900 (rear) Weston Road R.R. # 2 King City, Ontario L0G 1K0		(17) Document Prepared by: Gordon Phillips 4046 Summit Court MISSISSAUGA, Ontario, L5L 3J2	
		FOR OFFICE USE ONLY Fees and Tax Registration Fee 50 Land Transfer Tax 109.91 Total 159.91	

Additional Property Identifier(s) and/or Other Information

BOX (5) DESCRIPTION

WILL.
THIS DESCRIPTION ~~SHALL~~ NOT BE
ACCEPTABLE IN THE FUTURE

FIRSTLY:

A portion of Lot No. 6 according to registered Plan No. 165; and more particularly described as follows:

COMMENCING at a point in the Southerly limit of said Lot 6, one hundred feet (100') from the south east angle of said Lot;

THENCE WESTERLY 100 feet along the south limit;

THENCE NORTHERLY in a line parallel to the east limit one hundred and thirty-four feet six inches (134'6") to a point in the southerly limit of Manor Road;

THENCE EASTERLY along the southerly limit of Manor Road one hundred feet;

THENCE SOUTHERLY in a line parallel with the easterly limit of Lot No. 6, one hundred and thirty-four feet six inches (134'6") more or less to the place of commencement, and being composed of the whole of Parcel No. 2, as shown on blue print attached to Deed No. 22751.

SECONDLY:

A portion of Lot No. 6 according to registered Plan No. 165, and more particularly described as follows:

COMMENCING at a point in the southerly limit of Lot No. 6 said point being two hundred feet (200') from the south east angle of said Lot 6;

THENCE WESTERLY along the southerly limit forty feet (40');

THENCE NORTHERLY in a line parallel with the easterly limit one hundred and thirty-four feet six inches (134'6") to a point in the south limit of Manor Road;

THENCE EASTERLY along said Manor Road forty feet (40');

THENCE SOUTHERLY in a line parallel with the easterly limit of Lot 6, one hundred and thirty-four feet six inches (134'6") to the place of beginning, and being composed of the east forty feet (40') of Parcel No. 3 as shown on blue print attached to Deed No. 22750.

As previously described in Instrument No. 627948.

WILL.

THIS DESCRIPTION ~~SHALL~~ NOT BE
ACCEPTABLE IN THE FUTURE

FOR OFFICE
USE ONLY

Affidavit of Residence and of Value of the Consideration

Form 1 - Land Transfer Tax Act

Refer to all instructions on reverse side.
IN THE MATTER OF THE CONVEYANCE OF Pt Lot 6, Plan 165, Township of King, 3
Reg. Mun of York,

BY (print names of all transferors in full) 760793 Ontario Inc.
780550
TO (see instruction 1 and print names of all transferees in full) 1199942 Ontario Inc.

I, (see instruction 2 and print name(s) in full) Mel Dancy

MAKE OATH AND SAY THAT:

1. I am (place a check mark within the square opposite that one of the following paragraphs that describes the capacity of the deponent(s); (see instruction 3))

- ☐ (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
☐ (b) A trustee named in the above-described conveyance to whom the land is being conveyed;
☐ (c) A transferee named in the above-described conveyance;
☐ (d) The authorized agent or solicitor acting in this transaction for (insert name(s) of principal(s))

☒ described in paragraph(s) (a), (b), (c) above; (strike out reference to inapplicable paragraph(s))

☒ (e) The President, Vice-President, Manager, Secretary, Director, or Treasurer authorized to act for (insert name(s) of corporation(s))

☒ ~~XXXXXXX~~ 780550 Ontario Inc. described in paragraph(s) (a), (b), (c) above; (strike out reference to inapplicable paragraph(s))

☐ (f) A transferee described in paragraph () (insert only one of paragraph (a), (b) or (c) above, as applicable) and am making this affidavit on my own behalf and on behalf of (insert name of spouse) who is my spouse described in paragraph () (insert only one of paragraph (a), (b) or (c) above, as applicable) and as such, I have personal knowledge of the facts herein deposed to.

2. (To be completed where the value of the consideration for the conveyance exceeds \$400,000.)

I have read and considered the definition of "single family residence" set out in clause 1(1)(a) of the Act. The land conveyed in the above-described conveyance

- ☐ contains at least one and not more than two single family residences.
☐ does not contain a single family residence.
☐ contains more than two single family residences. (see instruction 3)

Note: Clause 2(1)(d) imposes an additional tax at the rate of one-half of one per cent upon the value of consideration in excess of \$400,000 where the conveyance contains at least one and not more than two single family residences.

3. I have read and considered the definitions of "non-resident corporation" and "non-resident person" set out respectively in clauses 1(1)(f) and (g) of the Act and each of the following persons to whom or in trust for whom the land is being conveyed in the above-described conveyance is a "non-resident corporation" or a "non-resident person" as set out in the Act. (see instructions 4 and 5)

none

4. THE TOTAL CONSIDERATION FOR THIS TRANSACTION IS ALLOCATED AS FOLLOWS:

(a) Monies paid or to be paid in cash	\$21,982.00
(b) Mortgages (i) Assumed (show principal and interest to be credited against purchase price)	\$ nil
(ii) Given back to vendor	\$ nil
(c) Property transferred in exchange (detail below)	\$ nil
(d) Securities transferred to the value of (detail below)	\$ nil
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	\$ nil
(f) Other valuable consideration subject to land transfer tax (detail below)	\$ nil
(g) VALUE OF LAND, BUILDING, FIXTURES AND GOODWILL SUBJECT TO LAND TRANSFER TAX (Total of (a) to (f))	\$21,982.00 21,987.00
(h) VALUE OF ALL CHATTELS - items of tangible personal property (Real Estate Tax is payable on the value of all chattels unless exempt under the provisions of the "Real Estate Tax Act", R.S.O. 1990, c.454, as amended)	\$ nil
(i) Other consideration for transaction not included in (g) or (h) above	\$ nil
(j) TOTAL CONSIDERATION	\$21,987.00

All blanks
Must be
filled in.
Insert "Nil"
Where
Applicable.

5. If consideration is nominal, describe relationship between transferor and transferee and state purpose of conveyance. (see instruction 6)

n/a

6. If the consideration is nominal, is the land subject to any encumbrance? n/a

7. Other remarks and explanations, if necessary. none

Sworn before me at the Town of Midland
in the County of Simcoe
this 14 day of June, 1996

Mel Dancy

A Commissioner for taking Affidavits, etc.

MEL DANCY (signature)

Property Information Record

- A. Describe nature of instrument: conveyance
B. (i) Address of property being conveyed (if available) not assigned
(ii) Assessment Roll No. (if available) multiple
C. Mailing address(es) for future Notices of Assessment under the Assessment Act for property being conveyed (see instruction 7) Box 59, King City, Ontario L7B 1A4
D. (i) Registration number for last conveyance of property being conveyed (if available) _____
(ii) Legal description of property conveyed: Same as in D.(i) above. Yes ☐ No ☐ Not known ☐
E. Name(s) and address(es) of each transferee's solicitor HACKER GIGNAC RICE, Barristers, 518 Yonge Street, Midland, Ontario L4R 2C5

For Land Registry Office Use Only

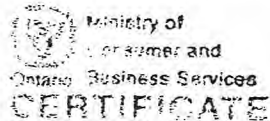
Registration No.	
Registration Date	Land Registry Office No.

School Tax Support (Voluntary Election) See reverse for explanation

- (a) Are all individual transferors Roman Catholic? Yes ☐ No ☐
(b) If Yes, do all individual transferors wish to be Roman Catholic Separate School Supporters? Yes ☐ No ☐
(c) Do all individual transferors have French Language Education Rights? Yes ☐ No ☐
(d) If Yes, do all individual transferors wish to support the French Language School Board (where established)? Yes ☐ No ☐

NOTE: As to (c) and (d) the land being transferred will be assigned to the French Public School Board or Sector unless otherwise directed in (a) and (b). 0440 (00-00)

Schedule G – Articles of Amalgamation



This is to certify that these articles
are effective on

Ministère des Services
aux consommateurs
et aux entreprises
CERTIFICAT
Certifie que les présents statuts
entrent en vigueur le

1711060

JANUARY 01 JANVIER, 2007

[Signature]
Director / Directeur



Business Corporations Act / Loi sur les sociétés par actions

Form 4
Business
Corporations
Act

Formule 4
Loi sur les
sociétés par
actions

ARTICLES OF AMALGAMATION
STATUTS DE FUSION

1. The name of the amalgamated corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale de la société issue de la fusion (écrire en LETTRES MAJUSCULES SEULEMENT):

1711060

ONTARIO LTD.

2. The address of the registered office is:
Adresse du siège social:

14850 Weston Road

(Street & Number or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau)

King City

Ontario L 7 B 1 A 4

(Name of Municipality or Post Office)
(Nom de la municipalité ou du bureau de poste)

(Postal Code /
Code postal)

3. Number of directors is/are: or minimum and maximum number of directors is/are:
Nombre d'administrateurs: ou nombres minimum et maximum d'administrateurs:
Number ou minimum and maximum
Nombre ou minimum et maximum

1 10

4. The director(s) is/are:

Administrateur(s):

First name, middle names
and surname

Prénom, autres prénoms et nom
de famille

Address for service, giving Street & No. or R.R. No.,
Municipality, Province, Country and Postal Code
Domicile élu, y compris la rue et le numéro ou le
numéro de la R.R., le nom de la municipalité, la
province, le pays et le code postal

Resident Canadian
State 'Yes' or 'No'
Résident canadien
Oui/Non

Melvyn A. Dancy

14850 Weston Road, P.O. Box 59
King City, Ontario L7B 1N4

Yes

5. Check A or B
Cocher A ou B



A) The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.

A) Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176 (4) de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.

or
ou



B) The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.

B) Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.

The articles of amalgamation in substance contain the provisions of the articles of incorporation of
Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

and are more particularly set out in these articles.
et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations Dénomination sociale des sociétés qui fusionnent	Ontario Corporation Number Numéro de la société en Ontario	Date of Adoption/Approval Date d'adoption ou d'approbation Year / année Month / mois Day / jour
780550 Ontario Ltd.	780550	2006/12/28
1304107 Ontario Inc.	1304107	2006/12/28

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.

There are no such restrictions on the business the Corporation may carry on or on the powers the Corporation may exercise.

7. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre:

The capital of the Corporation shall consist of an unlimited number of non-voting Class "A" Preference Shares (the "Class "A" Preference Shares"), an unlimited number of non-voting Class "B" Preference Shares (the "Class "B" Preference Shares"), an unlimited number of non-voting Special Shares (the "Special Shares") and an unlimited number of voting Common Shares (the "Common Shares").

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:
Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série:

1. Class "A" Preference Shares

(a) The holders of the Class "A" Preference Shares, in priority to the holders of Class "B" Preference Shares, Special Shares or Common Shares or any other shares ranking junior to the Class "A" Preference Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation in their discretion out of the monies of the Corporation properly applicable to the payment of dividends, such preferential, non-cumulative dividends per share at an annual aggregate rate of 80% of the lending rate quoted by the branch in the Province of Ontario of the Corporation's bankers for the time being to its most favoured commercial customers on Canadian dollar loans (the "Prime Rate") determined as at the date of the dividend declaration and calculated on the "Redemption Amount" for each Class "A" Preference Shares as hereinafter defined. The Redemption Amount at any particular time of each Class "A" Preference Share shall be the quotient determined by dividing: (a) the fair market value of the property sold or transferred to or exchanged with the Corporation from time to time as consideration for the issue of a Class "A" Preference Share less the aggregate of the fair market value of any non-share consideration given by the Corporation to the person transferring such Property at the time of such transfer and the fair market value of any liabilities assumed by the Corporation at the time of such transfer (the aforesaid fair market values to be determined by the director(s) of the Corporation as at the date of transfer in accordance with generally accepted valuation and accounting principles) by (b) the total number of Class "A" Preference Shares issued as a result of such sale, transfer or exchange.

If within four (4) months after the expiration of any fiscal year of the Corporation the board of directors in its discretion shall not declare any preferential, non-cumulative dividends on the Class "A" Preference Shares for such fiscal year, then the rights of the holder of the Class "A" Preference Shares to such dividends shall be forever extinguished for such fiscal year. The holders of the Class "A" Preference Shares shall not be entitled to any dividends other than or in excess of the preferential, non-cumulative dividends at the said rate hereinbefore provided for, or to participate in any other or additional earnings or profits of the Corporation.

(b) Except with the consent in writing of the holders of all the Class "A" Preference Shares outstanding, no dividends shall at any time be declared or paid upon or set aside for payment on any Class "B" Preference Shares, Special Shares or Common Shares or on any shares of any other class ranking junior to the Class "A" Preference Shares, for any fiscal year unless and until a preferential non-cumulative dividend for such fiscal year as determined by the board of directors on the Class "A" Preference Shares outstanding has been declared and paid or a sum set aside for payment thereof.

(c) The holders of the Class "A" Preference Shares shall not be entitled, except as otherwise specifically provided for in the Business Corporations Act, 1990, as amended, or any successor statute (hereinafter referred to in these Articles as the "Act"), to receive notice of and to attend any meeting of the Shareholders of the Corporation and shall not be entitled to vote at any such meeting.

(d) In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its

affairs, the holders of the Class "A" Preference Shares shall be entitled to receive out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation distributed to the holders of any Class "B" Preference Shares, Special Shares or Common Shares, or shares of any other class ranking junior to the Class "A" Preference Shares, for each share an amount equal to the Redemption Amount thereon together with all declared and unpaid preferential, non-cumulative dividends thereon; after payment to the holders of the Class "A" Preference Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation. If the assets and property of the Corporation, including surplus are not sufficient to pay the Redemption Amount together with all declared and unpaid preferential, non-cumulative dividends, then all of the said assets or the proceeds thereof shall be distributed pro rata among the holders of the Class "A" Preference Shares.

(e) The Corporation may, subject to the Act, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Class "A" Preference Shares without the consent of the holders thereof on payment for each share to be redeemed of the relevant Redemption Amount, together with an amount equal to all dividends declared thereon and remaining unpaid (the "Redemption Price"). In case of redemption of the Class "A" Preference Shares the Corporation shall, at least twenty (20) days before the date specified for redemption (the "Redemption Date"), mail to each person who, at the date of mailing, is a registered holder of any Class "A" Preference Shares as the case may be, to be redeemed, a notice in writing of the intention of the Corporation to redeem such shares (the "Redeemed Shares"); such notice shall, unless otherwise waived by all persons entitled thereto, be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Corporation, or in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the Redemption Date and, if part only of the shares held by the person to whom such notice is addressed is to be redeemed, the number thereof so to be redeemed. On or after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Redeemed Shares the aggregate Redemption Price thereof on presentation and surrender at the registered office of the Corporation, or any other place designated in such notice, of the certificates representing the shares called for redemption, such shares shall thereupon be redeemed. If a part only of the shares represented by any certificate is redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the Redemption Date, the Redeemed Shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any shares as aforesaid, to deposit the aggregate Redemption Price of the Redeemed Shares, or of such of the said shares as are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Redeemed Shares upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the Redemption Date in such notice, whichever is the later, the shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such Redemption Date,

affairs, the holders of the Class "A" Preference Shares shall be entitled to receive out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation distributed to the holders of any Class "B" Preference Shares, Special Shares or Common Shares, or shares of any other class ranking junior to the Class "A" Preference Shares, for each share an amount equal to the Redemption Amount thereon together with all declared and unpaid preferential, non-cumulative dividends thereon; after payment to the holders of the Class "A" Preference Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation. If the assets and property of the Corporation, including surplus are not sufficient to pay the Redemption Amount together with all declared and unpaid preferential, non-cumulative dividends, then all of the said assets or the proceeds thereof shall be distributed pro rata among the holders of the Class "A" Preference Shares.

(e) The Corporation may, subject to the Act, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Class "A" Preference Shares without the consent of the holders thereof on payment for each share to be redeemed of the relevant Redemption Amount, together with an amount equal to all dividends declared thereon and remaining unpaid (the "Redemption Price"). In case of redemption of the Class "A" Preference Shares the Corporation shall, at least twenty (20) days before the date specified for redemption (the "Redemption Date"), mail to each person who, at the date of mailing, is a registered holder of any Class "A" Preference Shares as the case may be, to be redeemed, a notice in writing of the intention of the Corporation to redeem such shares (the "Redeemed Shares"); such notice shall, unless otherwise waived by all persons entitled thereto, be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Corporation, or in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the Redemption Date and, if part only of the shares held by the person to whom such notice is addressed is to be redeemed, the number thereof so to be redeemed. On or after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Redeemed Shares the aggregate Redemption Price thereof on presentation and surrender at the registered office of the Corporation, or any other place designated in such notice, of the certificates representing the shares called for redemption, such shares shall thereupon be redeemed. If a part only of the shares represented by any certificate is redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the Redemption Date, the Redeemed Shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any shares as aforesaid, to deposit the aggregate Redemption Price of the Redeemed Shares, or of such of the said shares as are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Redeemed Shares upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the Redemption Date in such notice, whichever is the later, the shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such Redemption Date,

as the case may be, shall be limited to receiving without interest their proportionate part of the aggregate Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively.

(f) The holders of the Class "A" Preference Shares shall be entitled, upon giving notice as hereinafter provided, to require the Corporation to redeem at any time all or any part of the Class "A" Preference Shares registered on the name of such holders on the books of the Corporation by tendering to the Corporation at its registered office the share certificate or certificates representing the Class "A" Preference Shares which the registered holder desires to have the Corporation redeem together with a request in writing specifying:

(i) that the registered holder desires to have the Class "A" Preference Shares, or so many thereof as such holder may specify which are represented by such certificate or certificates, redeemed by the Corporation; and

(ii) the business day (in this paragraph referred to as the "Redemption Date") on which the holder desires to have the Corporation redeem such Class "A" Preference Shares which shall not be less than thirty (30) days following the day on which the request in writing is given to the Corporation. Upon receipt of the share certificate or certificates representing the number of Class "A" Preference Shares which the registered holder desires to have the Corporation redeem, together with such a request, the Corporation shall, on the Redemption Date, redeem the number of Class "A" Preference Shares so to be redeemed by paying to such registered holder an amount equal to the aggregate Redemption Amount of the Class "A" Preference Shares being redeemed together with an amount equal to all dividends declared thereon and remaining unpaid (the "Redemption Price"). If a part only of the Class "A" Preference Shares represented by any such certificate or certificates is to be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. The Class "A" Preference Shares shall be redeemed on the Redemption Date and from and after the Redemption Date such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of holders of the Class "A" Preference Shares in respect thereof unless payment for the Redemption Price is not made on the Redemption Date, in which event the rights of the holders of the said shares shall remain unaffected.

(g) The foregoing sub-paragraphs shall be subject to the provisions of this sub-paragraph with respect to the Redemption Amount of the Class "A" Preference Shares. In the event that Canada Revenue Agency, Taxation (the "CRA") or other competent tax authority determines that the fair market value of any property sold or transferred to or exchanged with the Corporation in exchange for any non-share consideration and Class "A" Preference Shares of the Corporation is greater or less than the sum of the said non-share consideration and the aggregate Redemption Amount of the said Class "A" Preference Shares so exchanged, then the aggregate Redemption Amount shall be increased or decreased to reflect the amount by which the fair market value of the property so sold, transferred or exchanged exceeds the non-share consideration, as ultimately determined. The adjustment to the Redemption Amount for each Class "A" Preference Share shall be equal to the total increase or decrease so determined as aforesaid divided by the number of Class "A" Preference Shares so issued, which adjustment shall be deemed to have been made, nunc pro tunc, to the date of first issuance of said shares. In the event that any of the Class "A" Preference Shares have been redeemed prior to the date of the ultimate determination, cash settlements will be made by the holder of the said shares or the Corporation as the case may be. Reference to value as ultimately determined herein shall have the following meaning:

- (i) such amount as may be agreed by CRA or other competent tax authority, the Corporation and the Class "A" Preference Shareholders, to have been the fair market value of the property sold, transferred or exchanged for such Class "A" Preference Shares; or
- (ii) in the absence of such agreement, such amount as shall be determined by a Court having jurisdiction in the matter (after all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken) to be the fair market value of the property sold, transferred, or exchanged for such Class "A" Preference Shares.

2. Class "B" Preference Shares

- (a) The holders of the Class "B" Preference Shares, in priority to the holders of Special Shares, Common Shares or any other shares ranking junior to the Class "B" Preference Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation in their discretion out of the monies of the Corporation properly applicable to the payment of dividends, such preferential, non-cumulative dividends per share at an annual aggregate rate of up to 80% of the Prime Rate determined as at the date of the dividend declaration and calculated on the initial issue Price of each Class "B" Preference Share (the "Redemption Amount"). If within four (4) months after the expiration of any fiscal year of the Corporation the board of directors in its discretion shall not declare any preferential, non-cumulative dividends on the Class "B" Preference Shares for such fiscal year, then the rights of the holder of the Class "B" Preference Shares to such dividends for such fiscal year shall be forever extinguished for such fiscal year. The holders of the Class "B" Preference Shares shall not be entitled to any dividends other than or in excess of the preferential, non-cumulative dividends hereinbefore provided for, or to participate in any other or additional earnings or profits of the Corporation.
- (b) Except with the consent in writing of the holders of all the Class "B" Preference Shares outstanding, no dividends shall at any time be declared or paid upon or set aside for payment on any class of Special Shares or Common Shares, or on any shares of any other class ranking junior to the Class "B" Preference Shares, for any fiscal year unless and until a preferential non-cumulative dividend for such fiscal year as determined by the board of directors on the Class "B" Preference Shares outstanding has been declared and paid or a sum set aside for payment thereof.
- (c) The holders of the Class "B" Preference Shares shall not be entitled, except as otherwise specifically provided in the Business Corporations Act, 1990, or any successor statute (hereinafter referred to in these Articles as the "Act"), to receive notice of or to attend any meeting of the Shareholders of the Corporation and shall not be entitled to vote at any such meeting.
- (d) In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the Class "B" Preference Shares shall be entitled to receive out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation distributed to the holders of any class of Special Shares or Common Shares, ~~or shares of any other class ranking junior to the Class "B" Preference Shares,~~ for each share an amount equal to the Redemption Amount together with all declared and unpaid preferential, non-cumulative dividends thereon; after payment to the holders of the Class "B" Preference Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation. If the

assets and property of the Corporation, including surplus are not sufficient to pay the Redemption Amount together with all declared and unpaid preferential, non-cumulative dividends, then all of the said assets or the proceeds thereof shall be distributed pro rata among the holders of the Class "B" Preference Shares.

(e) The Corporation may, subject to the Act, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Class "B" Preference Shares without the consent of the holders thereof on payment for each share to be redeemed of the relevant Redemption Amount, together with an amount equal to all dividends declared thereon and remaining unpaid (the "redemption price"). The redemption of any Class "B" Preference Shares shall take place in accordance with the provisions of paragraph 1(e) of these articles, save and except that any reference to the Redemption Amount shall be read as the "redemption amount", any reference to the "Redemption Price" shall be read as if the "redemption price" and any reference to "Class "A" Preference Shares" shall be read as if "Class "B" Preference Shares".

(f) The holders of the Class "B" Preference Shares shall be entitled, upon giving notice as hereinafter provided, to require the Corporation to redeem at any time all or any part of the Class "B" Preference Shares registered on the name of such holders on the books of the Corporation. Any said redemption of any Class "B" Preference Shares shall take place in accordance with the provisions of paragraph 1(f) of these articles, save and except that any reference to the "Redemption Amount" shall be read as the "redemption amount", and reference to the "Redemption Price" shall be read as "redemption price" and any reference to "Class "A" Preference Shares" shall be read as if "Class "B" Preference Shares".

3. Special Shares

The Special Shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

(a) The holders of the Special Shares shall not be entitled (except as otherwise specifically provided in the Act), to receive notice or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

(b) Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation relating to the payment of dividends, all further dividends declared in any fiscal year shall be declared and paid in equal amounts per share on all the Special Shares and all the Common Shares at the time outstanding without preference or distinction.

(c) Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, the holders of the Common Shares and Special Shares shall be entitled to receive pro rata the remaining property of the Corporation upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

4. Common Shares

The Common Shares shall have all the rights and attributes of the Special Shares except that the holders of the Common Shares shall be entitled to receive notice of and attend all meetings of shareholders of the Corporation, except class meetings of other classes of shareholders, and shall be entitled to cast one (1) vote, either in person or by proxy, for each

Common Shares held at all such meetings of shareholders of the Corporation.

5. Other

Any amendment to the Articles of the Corporation to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class "A" Preference Shares, Class "B" Preference Shares or Special Shares, as the case may be, in addition to the authorization by a special resolution, may be authorized by at least two-thirds (2/3) of the votes cast at a meeting of the respective holders of the Class "A" Preference Shares, Class "B" Preference Shares or Special Shares, as the case may be, duly called for that purpose."

9. The issue, transfer or ownership of shares is ~~is not~~ restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est ~~n'est pas~~ restreint. Les restrictions, s'il y a lieu, sont les suivantes :

Subject to any unanimous shareholders agreement existing from time to time, and any amendments thereto, the right to transfer any share or shares of the Corporation shall be restricted in that no shareholder shall be entitled to transfer any share or shares of the Corporation without either:

- (a) the previous express sanction of the holders of shares of the Corporation for the time being outstanding to which are attached more than 50% of the voting rights exercisable in all circumstances expressed by a resolution passed at a meeting of shareholders or by an instrument or instruments in writing signed by the holders of more than 50% of such shares; or
 - (b) the previous express sanction of the directors of the Corporation expressed by a resolution passed by the votes of a majority of the directors of the Corporation at a meeting of the board of directors or by an instrument or instruments in writing signed by a majority of the directors.
10. Other provisions. (if any):
Autres dispositions, s'il y a lieu :

- 1. The Corporation shall have a lien on the shares registered in the name of the shareholder or his legal representative for a debt of that shareholder to the Corporation.
- 2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.
- 3. The outstanding securities of the Corporation may not be beneficially owned, directly or indirectly, by more than 35 persons or companies, exclusive of:
 - (a) persons or companies that are, or at the time they last acquired securities of the Corporation were, accredited investors (as defined under applicable Ontario securities law, as may be amended from time to time);
 - (b) current or former directors, officers or employees of the Corporation or a corporation, company, syndicate, partnership, trust or unincorporated organization (each, and Entity) affiliated (as defined under applicable Ontario securities laws, as may be amended from time to time) with the Corporation, or current or former consultants (as defined under applicable Ontario securities laws, as may be amended from time to time), who in each case beneficially own only securities of the Corporation that were issued as compensation by, or under an incentive plan of, the Corporation or an Entity affiliated with the Corporation;

Provided that:

- 11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".
Les déclarations exigées aux termes du paragraphe 178(2) de la loi sur les sociétés par actions constituent l'annexe A.
- 12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".
Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.

- (c) two or more persons who are the joint registered holders of one or more securities of the Corporation shall be counted as one beneficially owner of those securities; and
- (d) an Entity shall be counted as one beneficially owner of securities of the Corporation unless such Entity has been created or is being used primarily for the purpose of acquiring or holding securities of the Corporation, in which event each beneficial owner of an entity interest in the Entity or each beneficiary of the Entity, as the case may be, shall be counted as a separate beneficial owner of those securities of the Corporation.

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

Names of the amalgamating corporations and signatures and descriptions of office of their proper officers.
Dénomination sociale des sociétés qui fusionnent, signature et fonction de leurs dirigeants régulièrement désignés.

780550 ONTARIO LTD.

Per: 

Melvyn A. Dancy (President)

1304107 ONTARIO INC.

Per: 

Melvyn Dancy (President)

SCHEDULE "A"

) IN THE MATTER OF the Business
) Corporations Act (the "Act")
)
) AND IN THE MATTER OF the Amalgamation
) of 780550 Ontario Ltd. and
) 1304107 Ontario Inc.
)

STATEMENT PURSUANT TO SECTION 178(2) OF THE ACT

I, Melvyn Dancy, of the Village of King City, in the Township of King, hereby state, pursuant to Section 178(2) of the Act as follows:

1. I am the President of 1304107 Ontario Inc.;
2. There are reasonable grounds for believing that:
 - (a) 780550 Ontario Ltd., is the Amalgamated Corporation resulting from the Amalgamation of 780550 Ontario Ltd. and 1304107 Ontario Inc., and each of them will be able to pay their respective liabilities as they become due;
 - (b) the realizable value of the assets of the Amalgamated Corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and
 - (c) no creditor will be prejudiced by the amalgamation.
3. No creditors have notified 1304107 Ontario Inc. that they object to the amalgamation and accordingly clause (c) of subsection 178(2) of the Act has no application; and
4. Since 1304107 Ontario Inc. has not received any notices pursuant to clause (c) of subsection 178(2) of the Act, clause (d) of subsection 178(2) of the Act has no application in the present circumstances.

DATED this 28th day of December, 2006.


Melvyn Dancy, President

SCHEDULE "A"

) IN THE MATTER OF the Business
) Corporations Act (the "Act")
)
) AND IN THE MATTER OF the Amalgamation
) of 780550 Ontario Ltd. and
) 1304107 Ontario Inc.
)

STATEMENT PURSUANT TO SECTION 178(2) OF THE ACT

I, Melvyn A. Dancy, of the Village of King City, in the Township of King, hereby state, pursuant to Section 178(2) of the Act as follows:

1. I am the President of 780550 Ontario Ltd.;
2. There are reasonable grounds for believing that:
 - (a) 780550 Ontario Ltd., is the Amalgamated Corporation resulting from the Amalgamation of 780550 Ontario Ltd. and 1304107 Ontario Inc., and each of them will be able to pay their respective liabilities as they become due;
 - (b) the realizable value of the assets of the Amalgamated Corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and
 - (c) no creditor will be prejudiced by the amalgamation.
3. No creditors have notified 780550 Ontario Ltd. that they object to the amalgamation and accordingly clause (c) of subsection 178(2) of the Act has no application; and
4. Since 780550 Ontario Ltd. has not received any notices pursuant to clause (c) of subsection 178(2) of the Act, clause (d) of subsection 178(2) of the Act has no application in the present circumstances.

DATED this 28th day of December, 2006.



Melvyn A. Dancy, President

SCHEDULE B

THIS AMALGAMATION AGREEMENT entered into as of this 28th day of December, 2006.

B E T W E E N:

780550 ONTARIO LTD.

A corporation incorporated pursuant to the laws of the Province of Ontario

OF THE FIRST PART

- AND -

1304107 ONTARIO INC.

A corporation incorporated pursuant to the laws of the Province of Ontario

OF THE SECOND PART

WHEREAS 780550 Ontario Ltd. was incorporated under the *Business Corporations Act*, 1990 (Ontario) (the "Act") or a predecessor thereof, by Certificate of Incorporation dated the 1st day of September, 1988, amended by Articles of Amendment dated the 29th day of April, 1993, and amended by Articles of Amendment dated the 10th day of May, 2005;

AND WHEREAS 1304107 Ontario Inc. was incorporated under the Act by Certificate of Incorporation dated the 21st day of October, 1998, amended by Articles of Amendment dated the 3rd day of June, 2005;

AND WHEREAS 780550 Ontario Ltd. and 1304107 Ontario Inc. acting under the authority contained in the Act have agreed to amalgamate upon the terms and conditions hereinafter set out;

AND WHEREAS 780550 Ontario Ltd. and 1304107 Ontario Inc. have each made full disclosure to the other of all their respective assets and liabilities;

AND WHEREAS it is desirable that the said amalgamation should be effected as of January 1, 2007.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants hereinafter contained and provided for, the parties hereto covenant and agree as follows:

1. In this Agreement the expression "Amalgamated Corporation" means the corporation continuing

from the amalgamation of 780550 Ontario Ltd. and 1304107 Ontario Inc., the parties hereto.

2. 780550 Ontario Ltd. and 1304107 Ontario Inc. do hereby agree to amalgamate under the provisions of Section 174 of the Act and to continue as one corporation upon and subject to the terms and conditions hereinafter set out.

3. The name of the Amalgamated Corporation shall be 780550 Ontario Ltd.

4. The registered office of the Amalgamated Corporation shall be in the Village of King City, in the Township of King, in the Province of Ontario. The address of the registered office shall be: 14850 Weston Road, King City, Ontario, L7B 1A4 or at such other location determined by the directors in accordance with the Act.

5. The Amalgamated Corporation is authorized to issue an unlimited number of common shares, an unlimited number of Class "A" Preference Shares, an unlimited number of Class "B" Preference Shares and an unlimited number of Special Shares. The rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series shall be as follows:

"1. Class "A" Preference Shares

(a) The holders of the Class "A" Preference Shares, in priority to the holders of Class "B" Preference Shares, Special Shares or Common Shares or any other shares ranking junior to the Class "A" Preference Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation in their discretion out of the monies of the Corporation properly applicable to the payment of dividends, such preferential, non-cumulative dividends per share at an annual aggregate rate of 80% of the lending rate quoted by the branch in the Province of Ontario of the Corporation's bankers for the time being to its most favoured commercial customers on Canadian dollar loans (the "Prime Rate") determined as at the date of the dividend declaration and calculated on the "Redemption Amount" for each Class "A" Preference Shares as hereinafter defined. The Redemption Amount at any particular time of each Class "A" Preference Share shall be the quotient determined by dividing: (a) the fair market value of the property sold or transferred to or exchanged with the Corporation from time to time as consideration for the issue of a Class "A" Preference Share less the aggregate of the fair market value of any non-share consideration given by the Corporation to the person transferring such Property at the time of such transfer and the fair market value of any liabilities assumed by the Corporation at the time of such transfer (the aforesaid fair market values to be determined by the director(s) of the Corporation as at the date

of transfer in accordance with generally accepted valuation and accounting principles) by (b) the total number of Class "A" Preference Shares issued as a result of such sale, transfer or exchange.

If within four (4) months after the expiration of any fiscal year of the Corporation the board of directors in its discretion shall not declare any preferential, non-cumulative dividends on the Class "A" Preference Shares for such fiscal year, then the rights of the holder of the Class "A" Preference Shares to such dividends shall be forever extinguished for such fiscal year. The holders of the Class "A" Preference Shares shall not be entitled to any dividends other than or in excess of the preferential, non-cumulative dividends at the said rate hereinbefore provided for, or to participate in any other or additional earnings or profits of the Corporation.

(b) Except with the consent in writing of the holders of all the Class "A" Preference Shares outstanding, no dividends shall at any time be declared or paid upon or set aside for payment on any Class "B" Preference Shares, Special Shares or Common Shares or on any shares of any other class ranking junior to the Class "A" Preference Shares, for any fiscal year unless and until a preferential non-cumulative dividend for such fiscal year as determined by the board of directors on the Class "A" Preference Shares outstanding has been declared and paid or a sum set aside for payment thereof.

(c) The holders of the Class "A" Preference Shares shall not be entitled, except as otherwise specifically provided for in the Business Corporations Act, 1990, as amended, or any successor statute (hereinafter referred to in these Articles as the "Act"), to receive notice of and to attend any meeting of the Shareholders of the Corporation and shall not be entitled to vote at any such meeting.

(d) In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the Class "A" Preference Shares shall be entitled to receive out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation distributed to the holders of any Class "B" Preference Shares, Special Shares or Common Shares, or shares of any other class ranking junior to the Class "A" Preference Shares, for each share an amount equal to the Redemption Amount thereon together with all declared and unpaid preferential, non-cumulative dividends thereon; after payment to the holders of the Class "A" Preference Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation. If the assets and property of the Corporation, including surplus are not sufficient to pay the Redemption Amount together with all declared and unpaid preferential, non-cumulative dividends, then all of the said assets or the proceeds thereof shall be distributed pro rata among the holders of the Class "A" Preference Shares.

(e) The Corporation may, subject to the Act, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Class "A" Preference Shares without the consent of the holders thereof on payment for each share to be redeemed of the relevant Redemption Amount, together with an amount equal to all dividends declared thereon and remaining unpaid (the "Redemption Price"). In case of redemption of the Class "A" Preference Shares the Corporation shall, at least twenty (20) days before the date specified for redemption (the "Redemption Date"), mail to each person who, at the date of

mailing, is a registered holder of any Class "A" Preference Shares as the case may be, to be redeemed, a notice in writing of the intention of the Corporation to redeem such shares (the "Redeemed Shares"); such notice shall, unless otherwise waived by all persons entitled thereto, be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Corporation, or in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder; provided however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the Redemption Date and, if part only of the shares held by the person to whom such notice is addressed is to be redeemed, the number thereof so to be redeemed. On or after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Redeemed Shares the aggregate Redemption Price thereof on presentation and surrender at the registered office of the Corporation, or any other place designated in such notice, of the certificates representing the shares called for redemption, such shares shall thereupon be redeemed. If a part only of the shares represented by any certificate is redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the Redemption Date, the Redeemed Shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the aggregate Redemption Price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any shares as aforesaid, to deposit the aggregate Redemption Price of the Redeemed Shares, or of such of the said shares as are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Redeemed Shares upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the Redemption Date in such notice, whichever is the later, the shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such Redemption Date, as the case may be, shall be limited to receiving without interest their proportionate part of the aggregate Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively.

(f) The holders of the Class "A" Preference Shares shall be entitled, upon giving notice as hereinafter provided, to require the Corporation to redeem at any time all or any part of the Class "A" Preference Shares registered on the name of such holders on the books of the Corporation by tendering to the Corporation at its registered office the share certificate or certificates representing the Class "A" Preference Shares which the registered holder desires to have the Corporation redeem together with a request in writing specifying:

(i) that the registered holder desires to have the Class "A" Preference Shares, or so many thereof as such holder may specify which are represented by such certificate or certificates, redeemed by the Corporation; and

(ii) the business day (in this paragraph referred to as the "Redemption Date") on which the holder desires to have the Corporation redeem such Class "A" Preference Shares which shall not be less than thirty (30) days following the day on which the request in writing is given to the

Corporation. Upon receipt of the share certificate or certificates representing the number of Class "A" Preference Shares which the registered holder desires to have the Corporation redeem, together with such a request, the Corporation shall, on the Redemption Date, redeem the number of Class "A" Preference Shares so to be redeemed by paying to such registered holder an amount equal to the aggregate Redemption Amount of the Class "A" Preference Shares being redeemed together with an amount equal to all dividends declared thereon and remaining unpaid (the "Redemption Price"). If a part only of the Class "A" Preference Shares represented by any such certificate or certificates is to be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. The Class "A" Preference Shares shall be redeemed on the Redemption Date and from and after the Redemption Date such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of holders of the Class "A" Preference Shares in respect thereof unless payment for the Redemption Price is not made on the Redemption Date, in which event the rights of the holders of the said shares shall remain unaffected.

(g) The foregoing sub-paragraphs shall be subject to the provisions of this sub-paragraph with respect to the Redemption Amount of the Class "A" Preference Shares. In the event that Canada Revenue Agency, Taxation (the "CRA") or other competent tax authority determines that the fair market value of any property sold or transferred to or exchanged with the Corporation in exchange for any non-share consideration and Class "A" Preference Shares of the Corporation is greater or less than the sum of the said non-share consideration and the aggregate Redemption Amount of the said Class "A" Preference Shares so exchanged, then the aggregate Redemption Amount shall be increased or decreased to reflect the amount by which the fair market value of the property so sold, transferred or exchanged exceeds the non-share consideration, as ultimately determined. The adjustment to the Redemption Amount for each Class "A" Preference Share shall be equal to the total increase or decrease so determined as aforesaid divided by the number of Class "A" Preference Shares so issued, which adjustment shall be deemed to have been made, nunc pro tunc, to the date of first issuance of said shares. In the event that any of the Class "A" Preference Shares have been redeemed prior to the date of the ultimate determination, cash settlements will be made by the holder of the said shares or the Corporation as the case may be. Reference to value as ultimately determined herein shall have the following meaning:

- (i) such amount as may be agreed by CRA or other competent tax authority, the Corporation and the Class "A" Preference Shareholders, to have been the fair market value of the property sold, transferred or exchanged for such Class "A" Preference Shares; or
- (ii) in the absence of such agreement, such amount as shall be determined by a Court having jurisdiction in the matter (after all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken) to be the fair market value of the property sold, transferred, or exchanged for such Class "A" Preference Shares.

2. Class "B" Preference Shares

(a) The holders of the Class "B" Preference Shares, in priority to the holders of Special Shares, Common Shares or any other shares ranking junior to the Class "B" Preference Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation in their discretion out of the monies of the Corporation

properly applicable to the payment of dividends, such preferential, non-cumulative dividends per share at an annual aggregate rate of up to 80% of the Prime Rate determined as at the date of the dividend declaration and calculated on the initial issue Price of each Class "B" Preference Share (the "Redemption Amount"). If within four (4) months after the expiration of any fiscal year of the Corporation the board of directors in its discretion shall not declare any preferential, non-cumulative dividends on the Class "B" Preference Shares for such fiscal year, then the rights of the holder of the Class "B" Preference Shares to such dividends for such fiscal year shall be forever extinguished for such fiscal year. The holders of the Class "B" Preference Shares shall not be entitled to any dividends other than or in excess of the preferential, non-cumulative dividends hereinbefore provided for, or to participate in any other or additional earnings or profits of the Corporation.

(b) Except with the consent in writing of the holders of all the Class "B" Preference Shares outstanding, no dividends shall at any time be declared or paid upon or set aside for payment on any class of Special Shares or Common Shares, or on any shares of any other class ranking junior to the Class "B" Preference Shares, for any fiscal year unless and until a preferential non-cumulative dividend for such fiscal year as determined by the board of directors on the Class "B" Preference Shares outstanding has been declared and paid or a sum set aside for payment thereof.

(c) The holders of the Class "B" Preference Shares shall not be entitled, except as otherwise specifically provided in the Business Corporations Act, 1990, or any successor statute (hereinafter referred to in these Articles as the "Act"), to receive notice of or to attend any meeting of the Shareholders of the Corporation and shall not be entitled to vote at any such meeting.

(d) In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the Class "B" Preference Shares shall be entitled to receive out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation distributed to the holders of any class of Special Shares or Common Shares, or shares of any other class ranking junior to the Class "B" Preference Shares, for each share an amount equal to the Redemption Amount together with all declared and unpaid preferential, non-cumulative dividends thereon; after payment to the holders of the Class "B" Preference Shares of the amounts so payable to them as above provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation. If the assets and property of the Corporation, including surplus are not sufficient to pay the Redemption Amount together with all declared and unpaid preferential, non-cumulative dividends, then all of the said assets or the proceeds thereof shall be distributed pro rata among the holders of the Class "B" Preference Shares.

(e) The Corporation may, subject to the Act, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Class "B" Preference Shares without the consent of the holders thereof on payment for each share to be redeemed of the relevant Redemption Amount, together with an amount equal to all dividends declared thereon and remaining unpaid (the "redemption price"). The redemption of any Class "B" Preference Shares shall take place in accordance with the provisions of paragraph 1(e) of these articles, save and except that any reference to the Redemption Amount shall be read as the

"redemption amount", any reference to the "Redemption Price" shall be read as if the "redemption price" and any reference to "Class "A" Preference Shares" shall be read as if "Class "B" Preference Shares".

(f) The holders of the Class "B" Preference Shares shall be entitled, upon giving notice as hereinafter provided, to require the Corporation to redeem at any time all or any part of the Class "B" Preference Shares registered on the name of such holders on the books of the Corporation. Any said redemption of any Class "B" Preference Shares shall take place in accordance with the provisions of paragraph 1(f) of these articles, save and except that any reference to the "Redemption Amount" shall be read as the "redemption amount", and reference to the "Redemption Price" shall be read as "redemption price" and any reference to "Class "A" Preference Shares" shall be read as if "Class "B" Preference Shares".

3. Special Shares

The Special Shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

(a) The holders of the Special Shares shall not be entitled (except as otherwise specifically provided in the Act), to receive notice or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

(b) Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation relating to the payment of dividends, all further dividends declared in any fiscal year shall be declared and paid in equal amounts per share on all the Special Shares and all the Common Shares at the time outstanding without preference or distinction.

(c) Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, the holders of the Common Shares and Special Shares shall be entitled to receive pro rata the remaining property of the Corporation upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

4. Common Shares

The Common Shares shall have all the rights and attributes of the Special Shares except that the holders of the Common Shares shall be entitled to receive notice of and attend all meetings of shareholders of the Corporation, except class meetings of other classes of shareholders, and shall be entitled to cast one (1) vote, either in person or by proxy, for each Common Shares held at all such meetings of shareholders of the Corporation.

5. Other

Any amendment to the Articles of the Corporation to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class "A" Preference Shares, Class "B" Preference Shares or Special Shares, as the case may be, in addition to the authorization by a special resolution, may be authorized by at least two-thirds (2/3) of the votes cast at a meeting of the respective holders of the Class "A" Preference Shares, Class "B" Preference Shares or Special Shares, as the case may be, duly called for that purpose."

6. There shall be no restrictions upon the right to transfer any shares of the Amalgamated Corporation, save and except that no shares shall be transferred without either:
- (a) the previous express sanction of the holders of shares of the Corporation for the time being outstanding to which are attached more than 50% of the voting rights exercisable in all circumstances expressed by a resolution passed at a meeting of shareholders or by an instrument or instruments in writing signed by the holders of more than 50% of such shares; or
 - (b) the previous express sanction of the directors of the Corporation expressed by a resolution passed by the votes of a majority of the directors of the Corporation at a meeting of the board of directors or by an instrument or instruments in writing signed by a majority of the directors.
7. The minimum number of directors of the Amalgamated Corporation shall be one (1) and the maximum number of directors shall be ten (10).
8. There shall be no restrictions on the business which the Amalgamated Corporation is authorized to carry on or on the powers that the Amalgamated Corporation may exercise.
9. The board of directors of the Amalgamated Corporation may, from time to time, in such amounts and on such terms as it deems expedient charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the Amalgamated Corporation, including book debts, rights, powers, franchises and undertaking, to secure any debt obligations or any money borrowed, or other debt or liability of the Amalgamated Corporation. The board of directors may from time to time delegate to such one or more of the directors and officers of the Amalgamated Corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of each such delegation.

10. The first directors of the Amalgamated Corporation shall be the persons whose names and addresses are set out below, who shall hold office until the first annual meeting of the Amalgamated Corporation, or until their successors are elected or appointed:

Melvyn A. Dancy

14850 WESTON ROAD, P.O. BOX 59
KING CITY, ON L7B 1A4

The subsequent directors shall be elected each year thereafter at either a general meeting or the annual meeting of the shareholders by a majority of the votes cast at such meeting. The management and supervision of the business and affairs of the Amalgamated Corporation shall be under the control of the board of directors from time to time, subject to the provisions of the Act.

11. The authorized and issued shares of 780550 Ontario Ltd. and of 1304107 Ontario Inc. shall be converted as follows:

- (a) all of the issued common shares of 780550 Ontario Ltd. shall be converted into 10,000 issued and fully paid common shares of the Amalgamated Corporation on the basis of 10,000 common shares of the Amalgamated Corporation for each one (1) share of 780550 Ontario Ltd.; and
- (b) all of the issued common shares of 1304107 Ontario Inc shall be converted into 2 issued and fully paid common shares of the Amalgamated Corporation on the basis of one (1) common share of the Amalgamated Corporation for each fifty (50) share of 1304107 Ontario Inc.

After the endorsement of a Certificate of Amalgamation giving effect to the amalgamation contemplated by this agreement, the shareholders of 780550 Ontario Ltd. and 1304107 Ontario Inc. shall, at the request of the Amalgamated Corporation, surrender the certificates representing shares held by them in 780550 Ontario Ltd. and 1304107 Ontario Inc. and, in return, shall be entitled to receive certificates representing shares of the Amalgamated Corporation in accordance with this paragraph 11.

12. The By-Laws of 780550 Ontario Ltd. shall, to the extent not inconsistent with this agreement, be ~~the by-laws of the Amalgamated Corporation, until repealed, amended, altered or added to.~~ A copy of the proposed by-laws may be examined at the registered office of the Amalgamated Corporation at 14850 Weston Road, in the Village of King City, in the Township of King, in the Province of Ontario.

13. Subject to the provisions of the Act, the following provisions shall apply to the Amalgamated Corporation:

- (a) The Corporation shall have a lien on the shares registered in the name of the shareholder or his legal representative for a debt of that shareholder to the Corporation.
- (b) Any invitation to the public to subscribe for securities of the Corporation is prohibited.
- (c) The outstanding securities of the Corporation may not be beneficially owned, directly or indirectly, by more than 35 persons or companies, exclusive of:
 - (i) persons or companies that are, or at the time they last acquired securities of the Corporation were, accredited investors (as defined under applicable Ontario securities law, as may be amended from time to time);
 - (ii) current or former directors, officers or employees of the Corporation or a corporation, company, syndicate, partnership, trust or unincorporated organization (each, an Entity) affiliated (as defined under applicable Ontario securities laws, as may be amended from time to time) with the Corporation, or current or former consultants (as defined under applicable Ontario securities laws, as may be amended from time to time), who in each case beneficially own only securities of the Corporation that were issued as compensation by, or under an incentive plan of, the Corporation or an Entity affiliated with the Corporation;

Provided that:

- (iii) two or more persons who are the joint registered holders of one or more securities of the Corporation shall be counted as one beneficially owner of those securities; and
- ~~(iv) an Entity shall be counted as one beneficially owner of securities of the Corporation unless such~~
Entity has been created or is being used primarily for the purpose of acquiring or holding securities of the Corporation, in which event each beneficial owner of an entity interest in the

Entity or each beneficiary of the Entity, as the case may be, shall be counted as a separate beneficial owner of those securities of the Corporation.

14. 780550 Ontario Ltd. shall contribute to the Amalgamated Corporation all its property and assets, subject to all its liabilities, as more particularly set forth in the balance sheet of 780550 Ontario Ltd. as of December 31, 2005, subject to changes since that date occurring in the ordinary course of business.
15. 1304107 Ontario Inc. shall contribute to the Amalgamated Corporation all its property and assets, subject to all its liabilities, as more particularly set forth in the balance sheet of 1304107 Ontario Inc. as of December 31, 2005, subject to changes since that date occurring in the ordinary course of business.
16. The Amalgamated Corporation shall possess all the property, assets, rights, privileges and franchises and shall be subject to all liabilities including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of 780550 Ontario Ltd. and 1304107 Ontario Inc.
17. All rights of creditors against the property, assets, rights, privileges and franchises of 780550 Ontario Ltd. and 1304107 Ontario Inc. and all liens on their property, rights and assets shall be unimpaired by the amalgamation of all debts, contracts, liabilities and duties of 780550 Ontario Ltd. and 1304107 Ontario Inc. shall thenceforth attach to and may be enforced against the Amalgamated Corporation.
18. No action or proceeding by or against 780550 Ontario Ltd. and 1304107 Ontario Inc. shall abate or be affected by the amalgamation but, for all purposes of such an action or proceeding, the name of the Amalgamated Corporation shall be substituted in that action or proceeding in place of 780550 Ontario Ltd. and 1304107 Ontario Inc. as the case may be.
19. On the shareholders of 780550 Ontario Ltd. and 1304107 Ontario Inc. respectively approving this agreement in accordance with the provisions of the Act, the parties to it shall complete and send articles of amalgamation in prescribed form to the Director, Companies Branch, Ministry of Consumer and Business Services, providing for the amalgamation of 780550 Ontario Ltd. and 1304107 Ontario Inc. on and subject to the terms and conditions of this agreement.

20. This agreement may be terminated without cause or reason by the board of directors of either 780550 Ontario Ltd. and 1304107 Ontario Inc. despite the approval of this agreement by the shareholders of 780550 Ontario Ltd. and 1304107 Ontario Inc. at any time prior to the endorsement of a Certificate of Amalgamation under the Act.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties to it under their respective corporate seals as witnessed by the signatures of their proper officers in that behalf.

SIGNED, SEALED AND DELIVERED

780550 ONTARIO LTD.

Per. 

Melvyn A. Dancy - President

1304107 ONTARIO INC.

Per. 

Melvyn Dancy - President

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER
(Vacant Lots)

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LAWYERS FOR the Receiver