

Adopted by Special Resolution the *22nd* day of *October* 20 *11*
and deposited at the Records Office on the *5th* day of *December* 20 *11*.

**PACIFIC SHORES OWNER
ENTERPRISES LTD.**

("PSOE")

Incorporation number: 0405603

PACIFIC SHORES OWNER ENTERPRISES LTD.

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1. INTERPRETATION

1.1 DEFINITIONS

Without limiting Article 1.2, in these Articles, unless the context otherwise requires:

“**Board**” and “**directors**” each means the directors or sole director of PSOE for the time being;

“**Business Corporations Act**” means the **Business Corporations Act** (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made under that act;

“**eligible proceeding**” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of PSOE (an “**eligible party**”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of PSOE:

- (a) is or may be joined as a party; or
- (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

“**Interpretation Act**” means the **Interpretation Act** (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made under that act;

“**legal personal representative**” means the personal or other legal representative of the shareholder;

“**Owner**” means an owner of a timeshare interest in the Resort;

“**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;

“**Resort**” means that portion of a timeshare community known as Pacific Shores Resort & Spa in the Regional District of Nanaimo at 1600 Stroulger Road, Nanoose Bay, British Columbia, owned by the shareholders of PSOE;

“**seal**” means the seal of PSOE, if any;

“**trustee**”, in relation to a shareholder, means the personal or other legal representative of the shareholder, and includes a trustee in bankruptcy of the shareholder; and

1.2 APPLICATION OF BUSINESS CORPORATIONS ACT AND INTERPRETATION ACT

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

conflict between these Articles and the *Business Corporations Act*, then the *Business Corporations Act* will prevail.

- 1.2.2 Whenever an Article must comply with or conform to the *Business Corporations Act* to be lawful, then in each such event the Article is deemed to be subject to the applicable provision of the *Business Corporations Act*, as if fully expressed in these Articles, to the minimum extent necessary for the Article to be lawful.

2. SHARES AND SHARE CERTIFICATES

2.1 AUTHORIZED SHARE STRUCTURE

The authorized share structure of PSOE consists of the one class of shares, namely the common shares.

2.2 EVIDENCE OF SHARE ENTITLEMENT

The common shares of PSOE shall be represented by certificates or, where allowed for or required by applicable law, may be electronically issued without a certificate. Each certificate shall be in the form the Board may from time to time approve. Certificates shall be signed in accordance with Article 25 and do not need to be under corporate seal provided that, unless the Board otherwise determines, certificates in respect of which a transfer agent and/or registrar has been appointed shall only be valid if countersigned on behalf of the transfer agent and/or registrar. Subject to the provisions of the ***Business Corporations Act***, the signature of any signing officer, including the transfer agent and/or registrar, if required, may be printed or mechanically reproduced in facsimile on the certificate. Every facsimile signature is deemed to be the signature of the officer whose signature it reproduces and is binding upon PSOE. A certificate executed as set out in this section is valid even if an officer who held office as at the date of the applicable authorizing resolution, and whose facsimile signature appears on the certificate, no longer holds office at the date of issue of the certificate.

2.3 SHAREHOLDER ENTITLED TO CERTIFICATE OR ACKNOWLEDGMENT

If PSOE issues certificates for any common shares, then each shareholder holding such common shares is entitled, without charge, at the option of the shareholder, to

- (a) one share certificate representing the common shares registered in the shareholder's name or
- (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate,

provided that in respect of a share held jointly by several persons, PSOE is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 DELIVERY BY MAIL

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

2.5 REPLACEMENT OF WORN OUT OR DEFACED CERTIFICATE OR ACKNOWLEDGEMENT

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

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

2.6 REPLACEMENT OF LOST, STOLEN OR DESTROYED CERTIFICATE OR ACKNOWLEDGMENT

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, then PSOE must issue a replacement share certificate or acknowledgment, as the case may be, to the person entitled to that share certificate or acknowledgment, as the case may be, but only if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

2.7 SPLITTING SHARE CERTIFICATES

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

2.8 CERTIFICATE FEE

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

2.9 RECOGNITION OF TRUSTS

Except as required by law, statute or these Articles or as ordered by a court of competent jurisdiction;

- (a) no person will be recognized by PSOE as holding any share upon any trust; and
- (b) PSOE is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or any other rights in respect of any share except the shareholder's absolute right to the entirety thereof.

3. ISSUE OF SHARES

3.1 DIRECTORS AUTHORIZED

PSOE may issue, allot, sell or otherwise dispose of the unissued common shares, and issued common shares held by PSOE, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices determined by the Directors in connection with the sale of timeshare interest in the Resort.

3.2 CONDITIONS OF ISSUE

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

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

4. SHARE REGISTERS

4.1 CENTRAL SECURITIES REGISTER

PSOE must maintain in British Columbia a central securities register. The directors may appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its common shares and the same or another agent as registrar for its common shares. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 CLOSING REGISTER

PSOE must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 REGISTERING TRANSFERS

A transfer of a share of PSOE must not be registered unless a duly signed instrument of transfer in respect of the share, such as a statement within any offers to purchase in a form acceptable to the directors, has been received by PSOE, and

- (a) if a share certificate has been issued by PSOE in respect of the share to be transferred, then that share certificate has been surrendered to PSOE; or
- (b) in the case of common shares electronically issued without a certificate, upon receipt of:

- (1) proper transfer instructions from the registered holder of the common shares, a duly authorized attorney of the registered holder of the common shares or an individual presenting proper evidence of succession, assignment or authority to transfer the common shares; and
- (2) acknowledgement from the transferee that the common shares are subject to restriction or transfer under the Articles or such other applicable securities laws.

5.2 FORM OF INSTRUMENT OF TRANSFER

The instrument of transfer in respect of any share of PSOE must be either in the form, if any, on the back of PSOE's share certificates or in any other form that may be approved by the directors from time to time.

5.3 TRANSFEROR REMAINS SHAREHOLDER

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

5.4 SIGNING OF INSTRUMENT OF TRANSFER

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of common shares registered in the name of the shareholder, then the signed instrument of transfer constitutes a complete and sufficient authority to PSOE and its directors, officers and agents to register the number of common shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, then all the common shares registered in the name of such person:

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

5.5 ENQUIRY AS TO TITLE NOT REQUIRED

Neither PSOE nor any director, officer or agent of PSOE is:

- (a) bound to inquire into the title of;
 - (1) the person named in the instrument of transfer as transferee; or
 - (2) when no person is named as transferee in the instrument of transfer, the person on whose behalf the instrument is deposited for the purpose of having the transfer registered; or
- (b) liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the common shares, of any interest in the common shares, of any share certificate representing such common shares or of any written acknowledgment of a right to obtain a share certificate for such common shares.

6. TRANSMISSION OF SHARES

6.1 LEGAL PERSONAL REPRESENTATIVE RECOGNIZED ON DEATH

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

6.2 RIGHTS OF LEGAL PERSONAL REPRESENTATIVE

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the common shares held by the shareholder, including the right to transfer the common shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with PSOE. This Article does not apply in the case of the death of a shareholder with respect to common shares registered in the shareholder's name and the name of another individual in joint tenancy.

7. PURCHASE OF SHARES

7.1 COMPANY AUTHORIZED TO PURCHASE SHARES

Subject to Article 7.2 and the restrictions attached to the common shares, PSOE may, when authorized by the directors, purchase or otherwise acquire any of its common shares at the price and upon the terms determined by the directors but only in connection with the purchase or acquisition of timeshare interest in the Resort.

7.2 PURCHASE WHEN INSOLVENT

PSOE must not make a payment or provide any other consideration to purchase or otherwise acquire any of its common shares when there are reasonable grounds for believing that:

- (a) PSOE is insolvent; or
- (b) making the payment or providing the consideration would render PSOE insolvent.

7.3 SALE AND VOTING OF PURCHASED SHARES

If PSOE retains a share purchased or otherwise acquired by it, then PSOE may sell, gift or otherwise dispose of the share in connection with the sale of timeshare interest in the Resort, but, while the share is held by PSOE, it is not entitled to vote the share at a meeting of its shareholders.

8. BORROWING POWERS

PSOE, when authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;

- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of PSOE or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of PSOE.

9. ALTERATIONS

9.1 ALTERATION OF AUTHORIZED SHARE STRUCTURE

Subject to Article 9.2, PSOE may by ordinary resolution:

- (a) alter its common shares or authorized share structure:
 - (1) when required or permitted to do so by the *Business Corporations Act*; and
 - (2) in compliance with the ownership and contract structure for the sale of timeshare interests in the Resort
- And, if applicable, alter the Notice of Articles and, if applicable, these Articles accordingly; and
- (b) alter the identifying name of any of its common shares and if applicable, alter the Notice of Articles and, if applicable, these Articles accordingly.

9.2 SPECIAL RIGHTS AND RESTRICTIONS

PSOE may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the common shares whether or not any or all of those common shares have been issued;
- (b) vary or delete any special rights or restrictions attached to the common shares, whether or not any or all of those common shares have been issued,

and alter the Notice of Articles and these Articles accordingly.

9.3 CHANGE OF NAME

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

9.4 OTHER ALTERATIONS

If the *Business Corporations Act* does not specify the type of resolution to be used and these Articles do not specify another type of resolution to be used with respect to a particular amendment to these Articles, then PSOE may by special resolution alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 ANNUAL GENERAL MEETINGS

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, PSOE must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 CALLING OF MEETINGS OF SHAREHOLDERS

The directors may, at any time, call a meeting of shareholders.

10.3 NOTICES TO SHAREHOLDERS

10.3.1 Notices for Meetings of Shareholders

PSOE must send notice of the date, time and location of any meeting of shareholders, and include, where applicable, sufficient other information concerning matters to be considered at the meeting as to give proper notice to the shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of PSOE, unless these Articles otherwise provide, at least 21 days before the meeting or such earlier date as the *Business Corporations Act* may permit.

10.3.2 Notice of Right to Dissent

PSOE must send to each of its shareholders a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered. The notice must specify the date of the meeting, include a copy of the proposed resolution and contain a statement advising of their right to send a notice of dissent and must be sent at least 21 days before the meeting.

10.4 RECORD DATE FOR NOTICE

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than 10 days.

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

10.5 RECORD DATE FOR VOTING

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, then the record date is 5:00 p.m. (Victoria time) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, then the beginning of the meeting.

10.6 FAILURE TO GIVE NOTICE AND WAIVER OF NOTICE

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

10.7 NOTICE OF SPECIAL BUSINESS AT MEETINGS OF SHAREHOLDERS

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

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

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 SPECIAL BUSINESS

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

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting; and
- (b) at an annual general meeting, all business is special business except for the following:
 - (1) business relating to the conduct of or voting at the meeting;
 - (2) reading and disposing of the unapproved minutes of the most recent meeting;

- (3) consideration of any reports of the directors or auditor;
- (4) consideration of any financial statements, forecasts and budgets of PSOE presented to the meeting;
- (5) the setting or changing of the number of directors;
- (6) the election or appointment of directors;
- (7) the appointment of an auditor;
- (8) the setting of the remuneration of an auditor;
- (9) authorizing the directors to select and nominate for election representatives to the Strata Council;
- (10) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
- (11) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 SPECIAL MAJORITY

The majority of votes required for PSOE to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution by shareholders present in person or by proxy and entitled to vote on that matter.

11.3 QUORUM

Subject to Article 11.4, the quorum for the transaction of business at a meeting of shareholders is at least two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued common shares entitled to be voted at the meeting.

11.4 ONE SHAREHOLDER MAY CONSTITUTE QUORUM

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

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

11.5 PERSONS ENTITLED TO ATTEND MEETINGS OF SHAREHOLDERS

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

11.6 REQUIREMENT OF QUORUM

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

11.7 LACK OF QUORUM

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

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (b) in the case of any other meeting of shareholders, then the persons entitled to vote present in person or by proxy constitute a quorum.

11.8 LACK OF QUORUM AT SUCCEEDING MEETING

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

11.9 CHAIR

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

- (a) the chair of the Board, if any; or
- (b) if the chair of the Board is absent or unwilling to act as chair of the meeting, the Vice-chair, if any.

11.10 SELECTION OF ALTERNATE CHAIR

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

11.11 ADJOURNMENTS

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

11.12 NOTICE OF ADJOURNED MEETING

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

11.13 DECISIONS BY SHOW OF HANDS OR POLL

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

11.14 DECLARATION OF RESULT

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

11.15 MOTION NEED NOT BE SECONDED

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

11.16 CASTING VOTE

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

11.17 MANNER OF TAKING POLL

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

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

11.18 DEMAND FOR POLL ON ADJOURNMENT

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

11.19 CHAIR MUST RESOLVE DISPUTE

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

11.20 CASTING OF VOTES

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

11.21 NO DEMAND FOR POLL ON ELECTION OF CHAIR

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

11.22 DEMAND FOR POLL NOT TO PREVENT CONTINUANCE OF MEETING

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

11.23 RETENTION OF BALLOTS AND PROXIES

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

12. VOTES OF SHAREHOLDERS

12.1 NUMBER OF VOTES BY SHAREHOLDER OR BY SHARES

For the purposes of voting at a general meeting the PCOA may provide voting cards. Where such voting cards are presented, votes may be counted by show of hands or by poll based on the shares represented by the voting cards as follows:

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

12.2 VOTES OF PERSONS IN REPRESENTATIVE CAPACITY

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

12.3 VOTES BY JOINT HOLDERS

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

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

12.4 LEGAL PERSONAL REPRESENTATIVES AS JOINT SHAREHOLDERS

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

12.5 REPRESENTATIVE OF A CORPORATE SHAREHOLDER

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

- (a) for that purpose, the instrument appointing a representative must:
 - (1) be received at the registered office of PSOE or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days before the meeting specified in the notice for the receipt of proxies, or when no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
 - (2) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting or adjourned meeting;
- (b) if a representative is appointed under this Article, then:
 - (1) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (2) the representative, when present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

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

12.6 APPOINTMENT OF PROXY HOLDERS

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

12.7 ALTERNATE PROXY HOLDERS

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

12.8 PROXY HOLDER NEED NOT BE SHAREHOLDER

To be appointed, a proxy holder does not need to be a shareholder of PSOE.

12.9 DEPOSIT OF PROXY

A proxy for a meeting of shareholders must:

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

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

12.10 VALIDITY OF PROXY VOTE

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

- (a) at the registered office of PSOE, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (b) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before the vote is taken.

12.11 FORM OF PROXY

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

[name of company]
("PSOE")

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

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

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.12 REVOCATION OF PROXY

Subject to Article 12.13, every proxy may be revoked by an instrument in writing that is:

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

12.13 REVOCATION OF PROXY MUST BE SIGNED

An instrument referred to in Article 12.12 must be signed as follows:

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

12.14 PRODUCTION OF EVIDENCE OF AUTHORITY TO VOTE

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

13. DIRECTORS

13.1 NUMBER OF DIRECTORS

The number of directors, excluding additional directors appointed under Article 14.8, shall consist of at least 4 members or such greater even number as the shareholders otherwise determine by ordinary resolution.

13.2 CHANGE IN NUMBER OF DIRECTORS

If the number of directors is set under Article 13.1, then:

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the Board up to that number;
- (b) subject to Article 14.8, if the shareholders do not elect or appoint the directors needed to fill any vacancies in the Board up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 DIRECTORS' ACTS VALID DESPITE VACANCY

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

13.4 QUALIFICATIONS OF DIRECTORS

A director is not required to hold a share in the capital of PSOE as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 REMUNERATION OF DIRECTORS

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

13.6 REIMBURSEMENT OF EXPENSES OF DIRECTORS

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

13.7 SPECIAL REMUNERATION FOR DIRECTORS

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

14. ELECTION AND REMOVAL OF DIRECTORS

It is the intention that

- (a) the board of directors shall consist of an even number of directors;
- (b) directors shall be elected for 2 year terms; and
- (c) during each annual general meeting of PSOE, the members of the Board shall be elected so that at the end of the annual general meeting one-half (½) of the directors in office shall be in office for a 1 year term and one half for a 2 year term.

14.1 ELECTION AT ANNUAL GENERAL MEETING

At every annual general meeting:

- (a) the shareholders will elect a Board consisting of the number of directors for the time set in accordance with these Articles;
- (b) each director shall be elected for a 2 year term;
- (c) one-half (½) of the number of directors set in accordance with these Articles shall be elected; and
- (d) the directors shall cease to hold office immediately before the election or appointment of directors under paragraphs (a) and (b), but are eligible for re-election or re-appointment.

14.2 CONSENT TO BE A DIRECTOR

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

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

14.3 FAILURE TO ELECT OR APPOINT DIRECTORS

If:

- (a) PSOE fails to hold an annual general meeting on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting to elect or appoint any directors;

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

- (c) the date on which his or her successor is elected or appointed; and

- (d) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 PLACES OF RETIRING DIRECTORS NOT FILLED

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

14.5 DIRECTORS MAY FILL CASUAL VACANCIES

Any casual vacancy occurring in the Board may be filled by the directors but only to hold office until a replacement for that the applicable retiring director is elected during the next annual general meeting.

14.6 REMAINING DIRECTORS POWER TO ACT

The directors may act despite any vacancy in the Board, but if PSOE has fewer directors in office than the minimum number set under these Articles from time to time, then the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the Board or for any other purpose.

14.7 SHAREHOLDERS MAY FILL VACANCIES

If PSOE has no directors or fewer directors in office than the number set under these Articles as the minimum number of directors from time to time, then the shareholders may elect or appoint directors to fill any vacancies on the Board.

14.8 CEASING TO BE A DIRECTOR

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to PSOE or a lawyer for PSOE; or
- (d) the director is removed from office under Articles 14.10 or 14.11.

14.9 REMOVAL OF DIRECTOR BY SHAREHOLDERS

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

14.10 REMOVAL OF DIRECTOR BY DIRECTORS

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

14.11 ADDITIONAL PROVISIONS CONCERNING RETIREMENT AND ELECTION OF DIRECTORS

If, at any general meeting at which an election ought to take place, the places of the retiring Directors are not filled up, such of the retiring Directors as may be requested by the newly elected Directors shall, if willing, continue in office until further new Directors are elected either at an extraordinary general meeting specifically convened for that purpose or at the annual general meeting in the next or some subsequent year, unless it is determined to reduce the number of Directors.

15. ALTERNATE DIRECTORS

15.1 APPOINTMENT OF ALTERNATE DIRECTOR

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

15.2 NOTICE OF MEETINGS

Every alternate director appointed under Article 15.1 is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 ALTERNATE FOR MORE THAN ONE DIRECTOR ATTENDING MEETINGS

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

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

15.4 CONSENT RESOLUTIONS

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

15.5 ALTERNATE DIRECTOR NOT AN AGENT

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

15.6 REVOCATION OF APPOINTMENT OF ALTERNATE DIRECTOR

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

15.7 CEASING TO BE AN ALTERNATE DIRECTOR

The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;
- (c) the alternate director resigns as an alternate director by notice in writing provided to PSOE or a lawyer for PSOE;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) his or her appointor revokes the appointment of the alternate director.

15.8 REMUNERATION AND EXPENSES OF ALTERNATE DIRECTOR

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

16. POWERS AND DUTIES OF DIRECTORS

16.1 POWERS OF MANAGEMENT

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

16.2 APPOINTMENT OF ATTORNEY OF COMPANY

The directors may from time to time, by power of attorney or other instrument, under seal when so required by law, appoint any person to be the attorney of PSOE for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the Board, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers

appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16.3 REMUNERATION OF AUDITOR

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

17. DISCLOSURE OF INTEREST OF DIRECTORS

17.1 OBLIGATION TO ACCOUNT FOR PROFITS

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

17.2 RESTRICTIONS ON VOTING BY REASON OF INTEREST

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

17.3 INTERESTED DIRECTOR COUNTED IN QUORUM

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

17.4 DISCLOSURE OF CONFLICT OF INTEREST OR PROPERTY

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

17.5 DIRECTOR HOLDING OTHER OFFICE IN PSOE

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

17.6 NO DISQUALIFICATION

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

17.7 PROFESSIONAL SERVICES BY DIRECTOR OR OFFICER

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

17.8 DIRECTOR OR OFFICER IN OTHER CORPORATIONS

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

18. PROCEEDINGS OF DIRECTORS

18.1 MEETINGS OF DIRECTORS

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

18.2 VOTING AT MEETINGS

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting shall have a second or casting vote.

18.3 CHAIR OF MEETINGS

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

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

18.4 MEETINGS BY TELEPHONE OR OTHER COMMUNICATIONS MEDIUM

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

- (a) in person;
- (b) by telephone; or
- (c) with the consent of all the directors, by some other communications medium;

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

18.5 CALLING OF MEETINGS

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

18.6 NOTICE OF MEETINGS

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

18.7 WHEN NOTICE NOT REQUIRED

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

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

18.8 MEETING VALID DESPITE FAILURE TO GIVE NOTICE

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

18.9 WAIVER OF NOTICE OF MEETINGS

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

18.10 QUORUM

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, then is deemed to be set at a majority of the directors in office or, if the number of directors is set at one, then is deemed to be set at one director, and that director may constitute a meeting.

18.11 VALIDITY OF ACTS WHEN APPOINTMENT DEFECTIVE

An act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 CONSENT RESOLUTIONS IN WRITING

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

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consent to it in writing.

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

19. EXECUTIVE AND OTHER COMMITTEES

19.1 APPOINTMENT AND POWERS OF EXECUTIVE COMMITTEE

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

- (a) the power to fill vacancies in the Board;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 APPOINTMENT AND POWERS OF OTHER COMMITTEES

The directors may, by resolution:

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

19.3 OBLIGATIONS OF COMMITTEES

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

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

19.4 POWERS OF BOARD

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

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

19.5 COMMITTEE MEETINGS

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

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the

time set for holding the meeting, then the directors present who are members of the committee may choose one of their number to chair the meeting;

- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 DIRECTORS MAY APPOINT OFFICERS

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate the appointment of any officer.

20.2 FUNCTIONS, DUTIES AND POWERS OF OFFICERS

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 QUALIFICATIONS

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of PSOE. Any person appointed as the chair of the Board or as the managing director must be a director. Any other officer need not be a director.

20.4 REMUNERATION AND TERMS OF APPOINTMENT

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

21. INDEMNIFICATION

21.1 MANDATORY INDEMNIFICATION OF DIRECTORS AND FORMER DIRECTORS

PSOE must indemnify a director, former director or alternate director of PSOE and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and PSOE must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to

have contracted with PSOE on the terms of the indemnity contained in this Article.

21.2 INDEMNIFICATION OF OTHER PERSONS

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

21.3 NON-COMPLIANCE WITH BUSINESS CORPORATIONS ACT

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

21.4 COMPANY MAY PURCHASE INSURANCE

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

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

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

22. DIVIDENDS

Despite any other provision of these Articles, the directors shall not declare and authorize payment of dividends upon any common shares of PSOE.

23. DOCUMENTS, RECORDS, REPORTS AND PERSONAL INFORMATION

23.1 RECORDING OF FINANCIAL AFFAIRS

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

23.2 INSPECTION OF ACCOUNTING RECORDS

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

23.3 INSPECTION AND COPYING OF RECORDS

For any book, record or register that PSOE must maintain under the *Business Corporations Act* and to the extent permitted under the *Business Corporations Act* the directors may upon terms and conditions determined by the directors to be appropriate to protect the interests of PSOE or the lawful privacy interests of any director, officer or shareholder, or both, authorize access to and permit the copying of, or direct the party having custody to provide access to and permit copying of, any of those books, records and registers and to waive or authorize to be waived any affidavit otherwise required to be provided in support of any application for access thereto or copying thereof.

23.4 USE OF PERSONAL INFORMATION

Each Shareholder hereby consents to the collection, use and disclosure of personal information (collectively, “**the Information**”) about the Shareholder collected by or disclosed to PSOE in connection with the ownership of common shares of the Shareholder, any recording concerning the Shareholder in any of the registers or records of PSOE or the activities of PSOE whether by, on behalf of or to PSOE or any agent, advisor or service provider for the following purposes:

- (a) for all purposes related to the holdings of the Shareholder;
- (b) to facilitate the governance, management and operation of PSOE and its assets, including, without limitation, filing information with government agencies and regulatory authorities, to secure investment in PSOE, reporting to creditors and shareholders, securing financing of PSOE or its activities, dealing with creditors of PSOE or acquiring, leasing, using or disposing of assets of PSOE;
- (c) to market, sell, provide and inform the Shareholder of the products and services of PSOE and its respective affiliates and partners, including information about future investment opportunities;
- (d) to enforce or take action with respect to any rights of PSOE; and
- (e) to disclose the Information to PSOE’s affiliates, business partners, lenders or other creditors, lawyers, accountants and other advisors and consultants in furtherance of the affairs and activities of PSOE and any of the foregoing purposes.

24. NOTICES

24.1 METHOD OF GIVING NOTICE

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

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (1) for a record mailed to a shareholder, the shareholder’s registered address;
 - (2) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by PSOE or the mailing

address provided by the recipient for the sending of that record or records of that class; and

- (3) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (1) for a record delivered to a shareholder, the shareholder's registered address;
 - (2) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by PSOE or the delivery address provided by the recipient for the sending of that record or records of that class; and
 - (3) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or
- (e) physical delivery to the intended recipient.

24.2 DEEMED RECEIPT

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

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the third business day (at the recipient's address) following the date of mailing;
- (b) faxed to a person to the facsimile number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it faxed; and
- (c) emailed to a person to the email address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was emailed on the day it was emailed.

provided, in the case of (b) and (c), that if the notice, statement, report or other record is faxed or emailed to the recipient after 5:00 p.m. (at the recipient's address), the fax or e-mail shall be deemed to have been received at 9:00 a.m. on the next business day.

24.3 CERTIFICATE OF SENDING

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

24.4 NOTICE TO JOINT SHAREHOLDERS

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

24.5 NOTICE TO LEGAL PERSONAL REPRESENTATIVES AND TRUSTEES

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

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

24.6 UNDELIVERED NOTICES

If any record sent to a shareholder under Article 24.1 is returned on two consecutive occasions because the shareholder cannot be located, then PSOE will not be required to send any further records to the shareholder until the shareholder informs PSOE in writing of a new address for the shareholder.

25. SEAL

25.1 WHO MAY ATTEST SEAL

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

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if PSOE only has one director, then that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

25.2 SEALING COPIES

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

25.3 MECHANICAL REPRODUCTION OF SEAL

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

26. EXPENSES

26.1 LEVIED EXPENSES

Each Owner's Common Expenses shall be levied in accordance with the budget approved by PSOE at the Annual Meeting.

26.2 APPORTIONMENT OF EXPENSES

The Common Expenses shall be apportioned in the following manner:

- (a) Common Expenses attributable to one lot shall be allocated to that lot and shall be borne by the owners of that lot in the proportion that each such owner's Interest bears to the aggregate of Interests within that lot.
- (b) Common Expenses not attributable to a particular lot shall be allocated to all lots and shall be borne by the owners in the proportion that each such unit bears to the aggregate of Units within the lots.
- (c) Common Expenses are payable upon receipt of invoices for such expenses. Invoices shall be provided within 45 days of each Annual Meeting.

26.3. BUDGET

At each annual general meeting subsequent to the first annual general meeting, PSOE shall prepare an annual budget for the following 12 month period and, after that, all owners shall pay an assessment in accordance to the budget.

26.4 ADMINISTRATION OF BUDGET

PSOE shall:

- (a) collect and receive all contributions towards the expenses common PSOE paid by the members and deposit the same with a chartered bank or trust company or credit union or financial institution established by the government;

- (b) pay all sums of money properly required to be paid on account of all services, supplies and assessments pertaining to, or for the benefit of PSOE;
- (c) maintain the limited common property appurtenant to PSOE in a healthful and attractive condition; and
- (d) control, manage and administer the limited common property appurtenant to PSOE, the facilities common to PSOE, and other assets of PSOE for the benefit of all members of PSOE.

27. RESTRICTIONS ON SHARE TRANSFERS

27.1 DEFINITIONS

In Article 27:

“**designated security**” means:

- (a) a voting security of PSOE;
- (b) a security of PSOE that is not a debt security and that carries a residual right to participate in the earnings of PSOE or, on the liquidation or winding up of PSOE, in its assets; or
- (c) a security of PSOE convertible, directly or indirectly, into a security described in paragraph (a) or (b);

“**security**” has the meaning assigned in the *Securities Act* (British Columbia);

“**voting security**” means a security of PSOE that:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

27.2 CONSENT - TRANSFER OF SHARES OR DESIGNATED SECURITIES

No share or designated security may be sold, transferred or otherwise disposed of except in connection with the sale of timeshare interest in the Resort and without the consent of the directors.

28. SPECIAL RIGHTS AND RESTRICTIONS

28.1 NON-PROFIT

The activities of PSOE shall be carried on without purpose of gain for its shareholders and any income, profits or other accretions to PSOE shall be used in promoting the purposes of PSOE.

28.2 PURPOSE

The purposes of PSOE are to assist the Owners by, *inter alia*:

- (a) providing a mechanism for the Owners of timeshare units within the Resort to ensure that the maintenance, operation, repair and replacement of the various common amenities and works carried on within the units of timeshare units of the Resort is carried out in a uniform and integrated manner and in the best interests of the Owners;
- (b) serving the interests of the Owners of the Resort from time to time and others having an interest in the Resort including, for example, all timeshare tenants, if such is in the best interest of the Resort;
- (c) promoting and provide a uniform standard of excellence and quality throughout the timeshare units and Resort, and enhance the use and enjoyment of the Resort by its owners and other timeshare occupants and users; and
- (d) assessing and collecting from the owners of the Resort from time to time funds necessary to facilitate the purposes set out above and any matters undertaken by PSOE on behalf of the owners, without monetary profit to PSOE or its shareholders.

PSOE shall do all things as are incidental or conducive to the attainment of the purposes of PSOE.

28.3 DIVIDENDS AND LIQUIDATION

The holders of common shares of PSOE shall not be entitled to receive any dividends or other distributions on or in connection with the common shares and shall not be entitled to any distribution of the assets or proceeds of PSOE whether upon a reduction or return of capital, or upon the dissolution, liquidation or other winding-up of PSOE, whether voluntary or involuntary, or in any other circumstance.

28.4 PROHIBITIONS

- (a) No animals or pets of any kind shall be kept in the Units.
- (b) In the event any or all of the Units are damaged or destroyed and insurance proceeds for each Unit are forthcoming to Owners as a result of said destruction, each Owner shall be entitled to a share of said insurance proceeds in proportion to the ratio of the number of common shares of PSOE held by that Owner and the number of common shares of PSOE issued with respect to that Unit.

DATED October 22, 2011.

Director