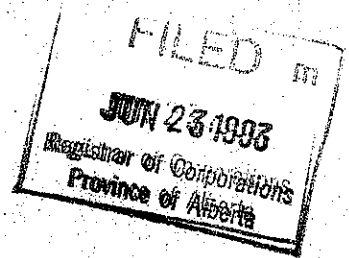


MEMORANDUM OF ASSOCIATION

OF

Grotto Mtn. Village Residents Association



1. The name of the Company is "Grotto Mtn. Village Residents Association".

2. The Company is incorporated under Part 9 of the Companies Act of the Province of Alberta, R.S.A. 1980, Chapter C-20 as a non-profit corporation.

3. The objects for which the Company is established are:

- (a) to own, maintain and operate a recreational and social centre;
- (b) to own, maintain and operate a recreational vehicle storage facility;
- (c) to acquire and take over a going concern from Grotto Mountain Village Ltd. (the "Developer"), certain recreational and social facilities including a community centre, R.V. storage lot and the improvements thereon including title to the 2 lots on which the community centre and R.V. storage lot are located (the Grotto Mtn. Village Amenities") all of which are or will be situate on residential subdivision lands owned by the Developer in the Town of Canmore and being generally called Grotto Mountain Village, and all or any of the equipment, chattels and assets used in connection therewith, and to operate such recreational and social facilities for the benefit of its members;
- (d) to acquire from the Developer its rights (if any) under each and every restrictive covenant, caveat, and easement registered on titles to the lands known as Grotto Mountain Village with any and all benefits and advantages to be derived therefrom and to enforce the same;
- (e) to do all such other lawful things as are incidental or conducive to the attainment of the above objects or any of them.

4. The liability of the members is limited.

5. Every member of the company undertakes to contribute to the assets of the Company in the event of the same being wound up during the time that he is a member, or within one year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and the costs, charges and expenses of winding up the same, and for the adjustment of the

rights of the contributors amongst themselves, such amount as may be required not exceeding ONE (\$1.00) DOLLAR.

6. The Company shall apply the profits, if any, or any other income of the Company solely in promoting the objects of the company and no dividend whatsoever or other distribution of the property of the company shall ever be paid to its members; PROVIDED ALWAYS that nothing herein shall prevent the payment in good faith, of reasonable and proper remuneration to any servant of the Company in return for any service actually rendered to the company, but so that no Officer, Director or member of the company shall be appointed to any salaried office in the Company, or any office in the company paid by fees, and that no remuneration or other benefit in money or money's worth shall ever be paid or given by the Company to any member.

7. No additions, deletions, alterations or amendments shall be made to or in the Memorandum or Articles of Association of the company for the time being in force until after the Company has acquired both title to and management of the Grotto Mtn. Village Amenities and unless the same shall have been approved by not less than seventy-five per centum (75%) of the members of the Company.

WE, the several persons whose names and addresses are subscribed, are desirous of being formed into a Company pursuant to this Memorandum of Association.

NAMES, ADDRESSES AND OCCUPATIONS OF SUBSCRIBERS

Subscribers	Occupation	Address
<u><i>Frank Kernick</i></u> FRANK KERNICK	<u>Developer</u>	<u>Box 3037, Canmore</u>
<u><i>Bruce Stewart</i></u> BRUCE STEWART	<u>Developer</u>	<u>Box 3037, Canmore</u>
<u><i>Brian Kernick</i></u> BRIAN KERNICK	<u>Engineer</u>	<u>Box 3037, Canmore</u>

DATED at the Town of Canmore, in the Province of Alberta, this 21 day of June, A.D. 1993.

PP
WITNESS TO THE ABOVE SIGNATURES

ARTICLES OF ASSOCIATION

OF

Grotto Mtn. Village Residents Association

FILED

JUN 23 1993

REGISTRY OF COMPANIES
PROVINCE OF ALBERTA

1. The Articles of Association contained in Table "A" in the Schedule to the Companies Act (Alberta) do not apply to this Company.

INTERPRETATION

2. The headings used throughout these Articles shall not affect the construction hereof. In these Articles and the Memorandum of Association of this Company, unless the context otherwise requires, expressions defined in the Companies Act (Alberta) or any statutory amendment or modification thereof, shall have the meaning so defined, and

"Company" means the above named Association;

"Developer" means Grotto Mountain Village Ltd;

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

"Easement" means an instrument registered against a title to property located in the Subdivisions to provide for the owners of certain properties located in the Subdivisions to obtain access to an adjoining lot for the purposes specified in the instrument;

"Encumbrance" means an instrument to secure the annual rent charge agreed to be paid by Members of the Company and registered or to be registered against the residential lands or rental lands of persons in the Subdivision who are members of the Company, for the purpose of forming an enforceable encumbrance pursuant to the provisions of the Land Titles Act (Alberta);

"Member" means a person for the time being entered in the Register of Members;

"Members" means collectively all of the following, Homeowner Members, Family Members or Tenant Members;

"Homeowner member" means the registered owner or one of the registered owners of a residential property located in the Subdivision who is a qualified Member of the Company;

"Family Members" means the spouse (whether legally married to or not) of a Homeowner member or Tenant Member and the lawful children (as distinguished from a child under 18 years of age for whom the Homeowner member or Tenant Member or his spouse is not in the position of having legal responsibility for such child) of such Homeowner Member or Tenant Member and/or such spouse which spouse

and children are actually residing in the residential property of the Homeowner member or Tenant Member and located in the Subdivision;

"Tenant Member" means a tenant actually renting a unit and residing therein in accordance with these Articles and is located in the Subdivision;

"Voting Members" means the members who are entitled to vote at meetings of the Company and shall be restricted to only Homeowner Members or persons designated pursuant to these Articles;

"month" means calendar month;

"office" means the registered office of the Company for the time being, Box 3090, Canmore, Alberta, T0L 0M0;

"Recreational Facilities" or "Grotto Mtn. Village Amenities" means the Community Centre and R.V. storage lot, all of which are or will be situate on the Subdivision;

"Restrictive Covenant" means any instrument registered against the title to the property or properties located in the Subdivision to govern the use and development of such property for the better enjoyment and greater benefit of all the Members;

"Secretary" includes any person appointed to perform the duties of secretary;

"Subdivision" means the residential subdivision lands initially owned by the Developer in the Town of Canmore and being generally called Grotto Mountain Village.

"these presents" means and includes these Articles of Association, and any modification or alteration thereof for the time being in force;

"writing" and "written" includes printing, typewriting, lithographing and other modes of representing or reproducing words in visible form which, without restricting the generality of the foregoing shall include telex, telecopy, fax, or telegram;

"Companies Act (Alberta)" means the Companies Act of the Province of Alberta for the time being in force; and

words importing the singular number include the plural number and vice versa; words importing the masculine gender shall include the feminine and words importing persons shall include corporations and companies.

REGISTERED OFFICE

3. Subject to the provisions of the Companies Act (Alberta), the Company may, by ordinary resolution of the Directors change from time to time the place within the Town of Canmore where the registered office of the Company is to be situated.

MEMBERS

4. The subscribers hereto shall be Members until they resign. Every person owning a residential property or being a tenant living in such residential property in the Subdivision shall become a Member as long as such person so owns such residential property or such tenant lives in such residential property and shall forthwith cease to be a Member at any time a residential property is not owned by such person or that such person ceases to be a tenant thereon.

- (a) Where there is more than one such owner of a property, there shall be only one Voting Member who shall be the person designated as the Voting Member by all the owners of said property. In the absence of such designation the first person named as owner in the Certificate of Title or a Purchaser in an Agreement for Sale, shall be the Voting Member;
- (b) Where a residential property is owned by a corporation the Voting Member shall be a person resident in said property and shall be designated by the corporation as the Voting Member;
- (c) Where a residential property is occupied by a tenant such tenant may be designated as the Voting member by and instead of the owner of such property;
- (d) Where there is any difficulty or dispute in determining the Voting Members, the Directors in their absolute discretion may designate the Voting Member, the intention being that there be one Voting Member from each residential property in the Subdivision the Voting Member shall be a natural person resident in the Subdivision;
- (e) Membership is limited to not more than 2,000 persons;
- (f) Membership is not transferable by a Member but is appurtenant to ownership and residence as herein set out;

REGISTER OF MEMBERS

5. (a) A register of Members in such form as the Board may approve shall be maintained in which shall be recorded the names and addresses of all Members. The Register shall be amended from time to time so that all members are listed in such register. The Register shall identify whether each Member is a Homeowner, Tenant or Family Member. Amendments to such register may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon amendment as aforesaid there may be charged a fee as set by the Board from time to time.

MEMBERSHIP CARDS

- (b) Every Member may be issued periodically with a Membership Card as determined by the Directors. The Membership Cards shall remain the property of the Company. If a Membership Card is lost it shall be replaced by the Company, provided however that there may be charged a fee as set by the Board from time to time as a condition to delivery of such replacement Membership Card.

RIGHTS OF ALL MEMBERS

6. Members shall have access to and be entitled to the use of the Company's Recreational Facilities in common with all Members subject to suspension of such rights:

- (a) for breach of any Rule or Regulation for the conduct of Members; and
- (b) for default by any Member in payment of any fees, dues, deposits or other sum owing to the Company.

MEMBERS' MEETINGS

7. The first annual general meeting of the Company shall be held at such time, within sixteen (16) months from the date on which the Company is incorporated and at such place as the Directors may determine. Subsequent annual general meetings shall be held at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceding general meeting, at such time and place as may be determined by the Directors.

8. (a) The general meetings referred to in the preceding clause shall be called annual general meetings, and all other meetings of the Company shall be called special general

meetings. All meetings of Members shall be held in the Town of Canmore, in the Province of Alberta;

- (b) Only Voting Members shall be entitled to notice of any meeting, general, special or otherwise of the Company, and
- (c) Only Voting Members shall be entitled to vote, or propose, or second resolutions at meetings of the Members.

9. The Directors may, whenever they think fit, proceed to convene a special general meeting of the Company.

10. Where it is proposed to pass a special resolution, such notice as is required to be given by the Companies Act (Alberta), and in all other cases at least ten (10) days' notice specifying the day, hour and place of every Voting Members' meeting, and in case of special business the general nature of such business, shall be served in one of the manners hereinafter provided on the Voting Members registered in the members' register at the time such notice is served or if a record date has been fixed by the Directors, on the Members registered in the Register of Members at the record date as so fixed. PROVIDED ALWAYS that a meeting of the Members may be held for any purpose, at any time and at any place without notice, if all the Voting Members entitled to notice of such meeting are present in person or represented thereat by proxy or if the absent Voting Members shall have signified their assent in writing to such meeting being held. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any Voting Member or the duly appointed proxies of a Voting Member. It shall not be necessary to give notice of any adjourned meeting.

11. Irregularities in the notice of any meeting or in the giving thereof or the accidental omission to give notice of any meeting or the non-receipt of any notice by any Voting Member or Voting Members, shall not invalidate any resolution passed on any proceedings taken at any meeting or shall not prevent the holding of such meeting.

PROCEEDINGS AT MEMBERS' MEETINGS

12. All business shall be deemed special that is transacted at a special general meeting and all that is transacted at an annual general meeting, with the exception of consideration and approval of the financial statements and the ordinary report of the Directors, auditors, and other officers, the election of Directors, the appointment of auditors, the fixing of the remuneration of the auditors and the transaction of any business which under these presents ought to be transacted at a general meeting. Special

business or a special resolution may be passed at an annual general meeting provided the requisite notice has been given.

13. No business shall be transacted at a general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, ten per centum (10%) of the Voting Members either personally present or represented by proxy shall be a quorum.

14. The President, or in his absence the Vice-President (if any), shall be entitled to take the chair at every general meeting, or if there be no president or vice-president, or if at any meeting he shall not be present within fifteen (15) minutes after the time appointed for holding such meeting, the Voting Members present shall choose another Director as chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the Voting Members present shall choose one of their number to be chairman. The chairman at any meeting of Voting Members may appoint one or more persons who are Voting Members to act as scrutineers.

15. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place; and if at such adjourned meeting a quorum is not present, the Voting Members personally present or represented by proxy, if at least five per centum (5%) of the total Voting Members shall be a quorum.

16. Every question submitted to a meeting shall be decided in the first instance by a show of hands or otherwise as the chairman may direct and in the case of an equality of votes the chairman shall, both on a show of hands or otherwise have a casting vote in addition to the vote to which he may be entitled as a Voting Member.

17. (a) At any meeting unless a poll is demanded by the chairman or by one-tenth (1/10) of the Voting Members present a declaration by the chairman that a resolution has been carried or carried by a particular majority, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(b) If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the chairman of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

18. The chairman of a general meeting may, with the consent of the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

VOTES OF VOTING MEMBERS

19. On a show of hands every Voting Member present in person, including the proxy or representative of a Voting Member shall have one vote.

20. Votes may be given either personally or by a nominee appointed by a proxy.

21. A proxy shall be in writing in any effectual form under the hand of the appointer or of his attorney duly authorized in writing, and need not be attested. A person appointed proxy must be a Voting Member.

22. No proxy shall be valid after the expiration of twelve (12) months from the date of its execution unless it is otherwise specified in the instrument.

23. The proxy shall be deposited at the registered office of the Company or such other place as may be specified in the notice of meeting not less than twenty-four (24) hours before the time for holding the meeting at which the person named in the instrument proposes to vote. If there is any default in this procedure for the deposit of such proxy it shall not be treated as valid.

24. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy with respect to which the vote is given, provided no intimation in writing of the death or revocation shall have been received before the meeting at the place where the proxies are to be deposited.

25. No Voting Member shall be entitled to be present or to vote on any question, either personally or by a nominee appointed by a proxy, or as the nominee appointed by a proxy for another Voting Member at any general meeting, or upon a poll, or to be reckoned in quorum whilst any sum due or payable to the Company by such Voting Member shall remain unpaid for at least forty-five (45) days following a written request for payment of same.

BORROWING POWERS

26. The Directors may from time to time at their discretion raise or borrow money for the purposes of the Company's business in amounts in the aggregate not exceeding FIVE THOUSAND DOLLARS (\$5,000.00) at any one time.

DIRECTORS

27. Until otherwise determined by a general meeting, the number of Directors shall be not less than three (3) or more than ten (10).
28. The subscribers hereto shall be the first Directors of the Company.
29. The Directors shall have power from time to time and at any time, to appoint any other person or persons as a Director or Directors, either to fill a casual vacancy or vacancies or as an addition or additions to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles or by a general meeting.
30. A Director, after June 30th, 1995, (or Ninety (90) days after the date both title to and management of the Grotto Mtn. Village Amenities is transferred to the Company, whichever is sooner), must be a Voting Member of the Company or a spouse of a Voting Member of the Company.
31. The Directors shall not be paid out of the funds of the Company by way of remuneration for their services as Directors.
32. A Director may retire from office upon giving five (5) days' notice in writing to the Company of his intention to do so, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance.
33. The office of a Director shall ipso factor be vacated:
- (a) If he becomes of unsound mind;
 - (b) If by notice in writing to the Company he resigns his office upon the time fixed for the resignation to take effect or the previous acceptance of the same;
 - (c) If he is removed by resolution of the Company, as hereinafter provided.
34. A Director shall be disqualified by his office from holding any office or place of profit under the Company and from contracting with the Company either as a vendor, purchaser or otherwise howsoever.
35. At the first annual general meeting and at every succeeding annual general meeting, all of the Directors, howsoever appointed or elected, shall retire from office. A retiring Director shall retain office until the dissolution of the meeting at which his successor is elected. If at any general meeting at which an election of Directors ought to take place, no such

election takes place, the retiring Directors shall continue in office until the annual general meeting in the next year, and so on from year to year until their places are filled up, unless it shall be determined at such meeting to reduce the number of Directors.

36. A retiring Director shall be eligible for re-election.

37. The Company at every annual general meeting shall fill up the vacated office by electing a like number of persons to be Directors, or in case any change in the number of Directors is made at any such meeting by electing the number of persons to be Directors as may be fixed by such meeting.

38. The Company may, by special resolution, at any time remove any or all of the Directors before the expiration of his or their period of office and by ordinary resolution appoint another or other qualified person or persons in his or their stead; and the person or persons so appointed shall hold office during such time only as the Director or Directors in whose place he is or they are appointed would have held the same if he or they had not been removed.

REGISTER OF DIRECTORS AND MANAGERS

39. The Directors shall duly comply with the provisions of the Companies Act (Alberta), or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the keeping of the registers of the Directors and managers and their addresses and occupations, the signing of the balance sheet, the filing with the Registrar of Corporations an annual report and copies of special and other resolutions and of any change in the registered office or of Directors and, where applicable, the mailing of a form of proxy and the issuing of information circulars.

PROCEEDINGS OF DIRECTORS

40. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, and may declare the quorum necessary for the transaction of business, but until the Directors make such determination, one-half of the Directors shall be a quorum.

41. Meetings of the Board of Directors shall be held in the Town of Canmore, in the Province of Alberta unless the Directors otherwise agree. The Directors may make regulations in regard to the manner and time that notice shall be given of such meetings. Until such regulations are made, meetings of the Board may be held at any time without formal notice of all the Directors are present or those absent have signified their consent in writing to the meeting being held in their absence; and notice of any meeting where notice has not been dispensed with, delivered or mailed or

telegraphed to each Director at his ordinary address two (2) days prior to such meeting, shall be sufficient notice of any meeting of the Directors. In computing such period of two (2) days the day on which such notice is delivered, mailed or telegraphed shall be included, and the day for which notice is given shall be excluded. Notice of any meeting, or irregularity in any meeting or in the time and place for meetings, and no further or other notice of such time and place than the entry of such resolution upon the minutes of the meeting at which it was passed shall be necessary. Immediately upon the conclusion of the annual general meeting a meeting of the Directors shall be held and no notice of such meeting shall be necessary.

42. Any Director may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a Director participating in a meeting pursuant to this article shall be deemed to be present in person at that meeting and the meeting shall be deemed to have been held at such place in Canada as the Directors may from time to time determine.

43. The President may, or the Secretary shall at the written request of not less than Twenty Five (25%) percent of the Directors, at any time convene a meeting of Directors.

44. Questions arising at any meeting of Directors shall be decided by a majority of votes, and in case of an equality of votes, the chairman shall have a second or casting vote.

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

46. The Directors may approach one of their number to be chairman of the Board of Directors, and in the absence of such appointment the president for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally.

47. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally.

48. The Directors may delegate any of their powers to committees consisting of such one or more Member or Members of the Board as they think fit and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated conform to any regulations from time to time imposed upon it by the Directors.

49. The meetings and proceedings of any such committee consisting of two (2) or more Members of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, including the appointment of a quorum, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the preceding clause.

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

51. A resolution in writing, signed by all the Directors without their meeting together, (which may be executed in several counterparts) shall be a valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, and shall be held to relate back to any date therein stated to be the effective date thereof.

MINUTES

52. The Directors shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all appointments of officers;
- (b) of the names of Directors present at each meeting of the Directors and of any committee of Directors;
- (c) of all resolutions made by the Directors and committees of Directors; and
- (d) of all resolutions and proceedings of general meetings;

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

POWERS OF DIRECTORS

53. Subject to Articles 54 and 55 below, the management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by statute expressly directed or required to be exercised or done by the Voting Members in general supervision of the affairs of the Company and may from time to time make rules and regulations so made, and all rules and regulations so made and for the time being in force shall be binding on the Members of the Company, and shall have full effect accordingly; and it is expressly declared that the following shall be deemed to be rules and regulations in relation to the Company within the meaning of this clause, that is to say, regulations:

- (a) As to proof required from persons claiming to be eligible to be the Members, Family Members and Tenant Members;
- (b) As to the annual, quarterly or other subscriptions or payments to be payable by the Members of the Company;
- (c) As to honorary Members (if any) and visitors and guests;
- (d) As to the manner in which use of the Company's facilities, Members may be suspended or terminated;
- (e) As to the use of the Company's facilities by Members; and
- (f) As to committees of Members in connection with the management of the Company, and as to the appointment, removal, qualification, disqualification, duties, functions, powers and privileges of members of such committees.

**TEMPORARY REMOVAL OF OFFICERS' AND DIRECTORS'
AUTHORITY AND RESPONSIBILITIES**

54. The Recreational Facilities have been designed, engineered and planned solely by the Developer who has agreed to develop and construct such Recreational Facilities at its sole cost and responsibility. The Developer has also agreed to be responsible for the management and operation of the Recreational Facilities and to, within a certain specified period of time, transfer the ownership, operation and management of such Recreational Facilities to the Company providing that the Company does not hinder its efforts or increase the development, construction, management and operating costs for the Recreational Facilities by becoming involved in, investigating or interfering in or trying to exercise any authority or control in the development, construction, management and operation of the Recreational

Facilities. The Company has agreed to this condition and in order to relieve its officers and Directors from any responsibility that they may otherwise have in the proper exercise of their responsibility to protect the interests of the Company and its members and any alleged resulting breach of fiduciary obligations, until both the ownership of the Recreational Facilities, and the operation and management of same are formally transferred to the Company by the Developer, the powers of the officers and Directors of the Company to manage the business and affairs of the Company are hereby temporarily restrained and are transferred to the Developer and such officers and Directors are hereby released from such duties and from any liability for failure to otherwise exercise such duty in so far as such duty relates in any way to the investigation of, determination of and enforcing of the proper and adequate quality of design, engineering, planning, development, construction, maintenance and operation of the Recreational Facilities. Except as set out above, such officers and Directors shall retain their normal and usual rights, Duties and responsibilities and will on a limited basis as requested by the Developer be involved in the operation of the Recreational Facilities.

55. It is hereby disclosed to all Members that the Developer is a Member of the Company and all Members of the Company do hereby unanimously agree to the provisions of Article 54 above and do hereby unanimously, entirely release the Developer, the Company and the Directors and officers of the Company from the legal results and any conflict that they or the Developer may otherwise be in a result of the Developer and the Company entering into the Agreement for the Development, the Initial management of, and Delivery of the Grotto Mtn. Village Amenities to Grotto Mtn. Village Residents Association including from the legal consequences of the Directors and officers of the Company being partially restrained and being partially released from their normal and usual rights, duties and responsibilities as provided for in Article 54 above.

OFFICERS

56. The officers of the Company shall consist of a president, a secretary and a treasurer, or a secretary-treasurer and such other officers as the Directors may from time to time appoint. Any one person may fill more than one of the above offices. Such persons holding such offices, besides fulfilling any duties assigned to them by the Directors, shall have such powers as are usually incidental to such offices.

57. The president shall be elected by the Board from amongst their number. The secretary and the treasurer or secretary-treasurer of the Company shall be appointed by the Board. The Board may appoint an assistant secretary, who shall be empowered to act in the absence of or under the direction of the secretary in the performance of the duties of the secretary. The Directors may

appoint a temporary substitute for any of the above officers, who shall for the purposes of these presents be deemed to be the officer for the position he occupies.

58. Any executive officer of the Company shall be entitled to attend any meeting of Members.

SEAL

59. The Company shall have a corporate seal which shall be of such form and device as may be adopted by the Directors, and the Directors may make such provisions as they see fit with respect to the affixing of the said seal and the appointment of a Director or Directors or other persons, to attest by their signatures that such seal was duly affixed.

NO DIVIDENDS

60. It is the intention of the Company to apply the profits, if any, or any other income of the Company in promoting its objects and as the Company is not formed with gain for its object no dividend whatsoever and no part of the income of the Company shall be divided among, payable to or be available for the personal benefit of any of the Members of the Company.

RESERVES AND FUNDS

61. The Directors may set aside any of the profits of the Company to create a reserve or reserves to provide for maintaining the property of the Company, replacing the wasting assets, meeting contingencies, forming an insurance reserve or for any other purposes whatsoever for which the profits of the Company may be lawfully used. The Directors may also carry forward to the accounts of the succeeding year or years any profit or balance of profit which they shall not think fit to place in such reserve.

62. The Directors may create a fund or funds out of the assets of the Company not greater in amount than the reserve or reserves as hereinbefore provided for and may apply the fund or funds either by employing them in the business of the Company or investing them in such manner as they shall think fit, and the income arising from such funds or funds shall be treated as part of the profits and the Company for the year in which such income arose. Such funds may be applied for the purpose of maintaining the property of the Company, replacing the wasting assets, meeting contingencies, forming an insurance fund or for any other purpose for which the profits of the Company may lawfully be used.

63. The Directors may from time to time increase, reduce or abolish any reserve or reserve fund in whole or in part and may transfer the whole or any part to surplus.

OPERATING COSTS OF COMPANY

64. The Directors shall implement a procedure to monitor and to determine the costs of operating the Recreational Facilities.

65. The net amount of these costs (after deduction of all anticipated revenue) shall be collected by assessing the Members the annual rent charge as has been provided for in the Encumbrances.

66. If the resulting contributions received do not result in sufficient income to pay the costs of the Company, then the Directors shall increase its income in the following manner:

- (a) if necessary, they shall borrow, on a short term basis any funds required to meet the operating cash deficiency being experienced;
- (b) they shall present a full report on the operating cash deficiency to the next annual meeting of the Company together with their recommendations for increasing the income of the Company including if so determined by the Directors increasing the annual rental charges to the Homeowner Members and the Tenant Members;
- (c) if they determine that addressing such deficiency should not await the next ensuing Annual Meeting, they shall call an extraordinary meeting of the Company to consider the matter.

ACCOUNTS

67. The Directors shall cause true accounts to be kept of the sums of money received and disbursed by the Company and the manner in respect of which said receipts and disbursements take place, of all sales and purchases by the Company and of the assets and liabilities of the Company and of all other transactions affecting the financial position of the Company.

68. The books of account and accounting records shall be kept at the registered office of the Company, or subject to the limitations of the Companies Act (Alberta) in this regard, at such other place or places as the Directors think fit, and shall be open to inspection of the Directors.

69. The Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the Company, or

any of them shall be open to the inspection of any of the Members not being Directors, and none of the Members (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company in general meeting.

70. The Directors shall lay before each annual meeting of the Voting Members a financial statement and the Report of the auditor to the Voting Members thereon. The financial statement shall:

- (a) be approved by the Board of Directors and signed by two (2) of them;
- (b) be for a period that ended not more than six (6) months before the annual meeting;
- (c) be subject to the provisions of the Companies Act (Alberta), contain a comparative statement (except in the case of the first statement) relating separately to the latest completed financial year preceding it; and
- (d) be made up of:
 - (i) a statement of profit and loss for each period,
 - (ii) a statement of surplus for each period,
 - (iii) subject to the provisions of the Companies Act (Alberta), a statement of source and application of funds for each period, and
 - (iv) a balance sheet as at the end of each period with each statement containing the information required by the Companies Act (Alberta) to be disclosed in such statements.

71. Subject to the provisions of the Companies Act (Alberta), a copy of the financial statement and a copy of the auditor's report shall be sent to each Homeowner Member, by prepaid post, ten (10) days or more before the date of the annual meeting.

72. Subject to the provisions of the Companies Act (Alberta), a comparative six-month interim financial statement shall be sent to each Homeowner Member and Rental Member as required by the Companies Act (Alberta).

NOTICES

73. Any notice may be served by the Company on any of the Members either personally or by sending it through the post in a

prepaid envelope or wrapper addressed to such Member or by telegraphing it prepaid to such person at his address as the same appears in the books of the Company, or if no address is given therein, to the last address of such person known to the secretary. If no address is known to the secretary a notice posted up in the registered office of the Company shall be deemed to be well served on such person upon it being so posted up, and any notice sent by post shall be deemed to have served on the day on which the envelope or wrapper containing the same is posted. With respect to every notice sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into one of Her Majesty's letter boxes.

74. Any notice or document delivered or sent by post or left at the address of any of the Members as the same appears on the books of the Company or posted in the registered office of the Company as hereinbefore provided shall, notwithstanding such person be then deceased and whether or not the Company has notice of his decease, be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons interested with any one of such Members.

75. The signature of any notice to be given by the Company may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

76. Where a given number of days notice or a notice extending over any other period is required to be given, the day of service of the notice and the day for which notice is given shall, unless it is otherwise provided, be counted in such number of days or other period.

77. A certificate of the secretary or other duly authorized officer of the Company in office at the time of the making of the certificate as to the facts in relation to the mailing or telegraphing or delivery or posting up of any notice to any Member, Director or officer or publication of any notice, shall be prima facie evidence thereof and shall be binding on every one of the Members, and a Director or officer of the Company, as the case may be.

78. It shall not be necessary for any notice to set out the nature of the business which is to come before a meeting of the Directors and it shall not be necessary for any notice to set out the business which is to come before a meeting of the Voting Members unless the same is special business.

79. A special general meeting and the annual general meeting may be convened by one and the same notice, and it shall be no objection to the said notice that it only convenes the second meeting contingently or any resolution being passed by the requisite majority at the first meeting.

RESTORATION OF ENCUMBRANCE OR EASEMENT

80. If any Encumbrance or Easement has been foreclosed off of the title to the lot of a Member or has otherwise been taken off such title or if pursuant to a meeting of the Members, it has been agreed to register a new Encumbrance or Easement or a Caveat giving notice of the change, the Homeowner Member agrees either to enter into any requested new Encumbrance or Easement to be registered against the title to his property or agrees to the filing of a Caveat as referred to above and if he delays, fails, or refuses to complete the new Encumbrance or Easement the Company is hereby appointed as his attorney to sign and deliver such new Encumbrance or Easement in his place and stead.

RECORD DATE

81. The Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of Voting Members as a record date for the determination of the Voting members entitled to notice of, and to vote at, any such meeting, and only the voting Members of record in the register of Members at the close of business on that date so fixed shall be entitled to such notice of, and to vote at, such meeting, notwithstanding any change of Voting Members on the Register of Members after any such record date fixed as aforesaid.

INDEMNITY




82. Except as otherwise hereinafter provided every Director and officer of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company, to pay all losses and expenses which any such Director or officer shall incur or become liable to by reason of any contract entered into or act or thing done by him as such Director or officer, or in any way in the discharge of his duties.

83. Any person made a party to any action, suit or proceedings by reason of the fact that he, his testator or intestate, is or was a Director or officer of the Company, or of any corporation which is served by such Director or officer as such at the request of the Company, shall be indemnified by the Company against the reasonable expenses, including solicitors' fees, actually and necessarily incurred by him in connection with the defence of such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceedings that such Director or officer is liable for gross negligence or similar misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such Director or officer may be entitled. None of the

provisions hereof shall be construed as a limitation upon the right of the Company to exercise its general power to enter into a contract or undertaking of indemnity with or for the benefit of any Director or officer in any proper case not provided for herein.

84. No Director or officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other action for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for the loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty, or unless it is otherwise provided in a contract of service with such Director or officer.

NAMES, ADDRESSES AND OCCUPATIONS OF SUBSCRIBERS

Subscribers	Occupation	Address
 FRANK KERNICK	Developer	Box 3037, Canmore
 BRUCE STEWART	Developer	Box 3037, Canmore
 BRIAN KERNICK	Engineer	Box 3037, Canmore

DATED at the Town of Canmore, in the Province of Alberta,
this 21 day of June, A.D. 1993.


WITNESS TO THE ABOVE SIGNATURES