

*The Notes referred to herein will not be sold outside Canada or to any person that is not resident in Canada. See "Selling Restrictions" herein.*

*The Notes referred to herein have not and will not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). The Notes may not be offered, sold or resold within the United States or to, or for the account or benefit of, any U.S. Persons (as defined in Regulation S of the U.S. Securities Act and interpretations thereunder by the United States Securities and Exchange Commission), unless the Notes are subsequently registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act is available.*

## **Information Memorandum**

# **XSTRATA FINANCE (CANADA) LIMITED**



**Short-Term Promissory Notes  
for up to  
US\$1,000,000,000**

**Guaranteed by**

**XSTRATA PLC**

*Xstrata Finance (Canada) Limited and Xstrata plc are not member institutions of the Canada Deposit Insurance Corporation and are not regulated as financial institutions in Canada. An investment in the Notes does not constitute a deposit.*

*This Information Memorandum does not in any way obligate Xstrata Finance (Canada) Limited to accept an offer to purchase any of the Notes referred to herein.*

*No person has been authorized to give any information or to make any representation not contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized.*

*February 26, 2008*

## **Xstrata Finance (Canada) Limited**

Xstrata Finance (Canada) Limited (the "Issuer") is a corporation incorporated under the *Business Corporations Act* (Ontario). The Issuer was incorporated on October 10, 2006 and has its registered office and principal place of business at 100 King Street West, 1 First Canadian Place, Suite 6900, Toronto, Ontario, M5X 1B1. The Issuer is an indirect wholly-owned subsidiary of Xstrata plc (the "Guarantor").

The Issuer was formed as a special purpose company solely for the purposes of funding the capital requirements of the Guarantor and its subsidiaries.

## **Xstrata plc**

The Guarantor is a corporation incorporated under the laws of England and Wales. The Guarantor's principal executive office is located at Bahnhofstrasse 2, 6301 Zug, Switzerland.

The Guarantor is an international natural resources group based in Zug, Switzerland, listed on the London Stock Exchange and the SWX Swiss Exchange. The Guarantor is the world's fifth largest diversified mining group, maintaining meaningful positions in seven major international commodity markets: copper, thermal and coking coal, ferrochrome, nickel, vanadium and zinc, with recycling facilities, additional exposures to platinum group metals, gold, cobalt, lead and silver and a suite of global technology products, many of which are leading technologies in the industry. The Guarantor's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, New Caledonia, Norway, Papua New Guinea, Peru, the Philippines, South Africa, Spain, Tanzania, the USA and the UK. The Guarantor employs approximately 50,000 people, including contractors.

## Description of the Short-Term Promissory Notes

<b>Issuer:</b>	Xstrata Finance (Canada) Limited
<b>Guarantor:</b>	Xstrata plc
<b>Issuing and Paying Agent:</b>	Royal Bank of Canada
<b>Aggregate Principal Amount:</b>	The aggregate principal amount of short-term promissory notes (the "Notes") to be outstanding at any one time is limited to a maximum of US\$1.0 billion or the equivalent thereof in Canadian dollars at the time of issue.
<b>Ranking of Notes:</b>	The Notes are unsecured and rank <i>pari passu</i> with the other unsubordinated and unsecured indebtedness of the Issuer, subject to such exceptions as may from time to time exist under applicable law.
<b>Guarantee:</b>	Under the terms of a guarantee (the "Guarantee"), a copy of which will be affixed to the Notes, the Guarantor will unconditionally guarantee the due and punctual payment of the principal of, and interest (if any) on, the Notes when, where and as the same becomes due and payable, promptly following demand made to the Guarantor by the holder of such Note. The Guarantee will be a direct, unconditional and unsecured obligation of the Guarantor and will rank <i>pari passu</i> with all other unsubordinated and unsecured indebtedness of the Guarantor, subject to such exceptions as may from time to time exist under applicable law.
<b>Use of Proceeds:</b>	The net proceeds from the sale of the Notes will be loaned to or otherwise contributed to affiliates of the Issuer or the Guarantor. Such affiliates intend to use such proceeds for general corporate purposes.
<b>Form of Notes:</b>	The Notes will be issued in "book entry only" form and must be purchased or transferred through registered participants ("Participants") in the CDS Clearing and Depository Services Inc. ("CDS") debt clearing service, which Participants include securities brokers and dealers and bank and trust companies, or through other institutions ("Indirect Participants") that maintain custodial relationships with a Participant, either directly or indirectly. No holder of a Note will be entitled to a certificate or other instrument from the Issuer or CDS evidencing that person's interest in or ownership of such Note, or will be shown on the records maintained by CDS, except through a Participant or an Indirect Participant of CDS. The Notes in book entry form will be subject to the <i>Depository Bills and Notes Act</i> (Canada).

The Issuer will have the option to terminate the book entry system through CDS, in which case Notes in certificated form payable to the order of a holder thereof will be issued to holders of Notes in book entry form or their nominees. Notes in any form other than book entry form will be subject to the *Bills of Exchange Act* (Canada).

Notes will be interest-bearing Notes or non-interest-bearing Notes issued at a discount to mature at their principal amount. The form of Note payable in United States dollars is included in this Information Memorandum. This form would be modified if the currency of issue is not United States dollars.

Each purchaser of a Note will receive a customer confirmation of purchase from the Participant from whom such Note is purchased in accordance with the practices and procedures of that Participant.

Neither the Issuer, the Guarantor nor the Participants will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Notes held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Notes; or (c) any advice or representation made by or with respect to CDS, including those contained in this Information Memorandum and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants and, subject to CDS agreeing with any Participant that the Participant may enforce payment of the Notes directly, CDS has a statutory duty to enforce payment of the Notes on behalf of the Participants. Once payment of the principal of, and interest (if any) on, the Notes is made by or on behalf of the Issuer to CDS, the Issuer and the Guarantor will be discharged of their respective obligations to pay such principal of, and interest (if any) on, such Notes. As a result, Participants must look solely to CDS and holders of Notes must look solely to Participants (and not to the Issuer or the Guarantor in any case) for payments of principal of, and interest (if any) on, the Notes once such a payment is made by or on behalf of the Issuer to CDS.

**Denomination:**

Notes will be issued in integral multiples of US\$1,000 or the equivalent thereof in Canadian dollars at the time of issue.

**Terms:**

Notes will be issued in maturities of not more than one year from the date of issue.

**Rates of Interest:**

Available upon request.

**Delivery:** Notes will be issued the same day against payment in immediately available funds. Delivery of Notes issued in book entry form will be made in accordance with the rules established by CDS.

**Payment:** At maturity, payment of the principal of, and interest (if any) on, Notes issued in book entry form will be made in accordance with the rules established by CDS. All payments in respect of Notes issued in certificated form will be made at the branches of the Canadian chartered bank designated in the Notes. All payments will be made in the currency of issue.

**Redemption:** Notes will not be redeemed prior to maturity nor subject to voluntary prepayment.

**Rating:** As at February 26, 2008, the Notes are rated R-1 (low) by DBRS Limited ("DBRS"). This rating should not be construed as a recommendation to buy, sell or hold the Notes. This rating is only accurate as of the date of this Information Memorandum and has been obtained with the understanding that DBRS will continue to monitor the credit of each of the Issuer and the Guarantor and make future adjustments to the above rating to the extent warranted. This rating may be revised or withdrawn at any time without notice by DBRS, and therefore a prospective purchaser should check the current rating before purchasing Notes. The Issuer is under no obligation, and disclaims any intention or obligation, to amend or supplement this Information Memorandum if the rating is so revised or withdrawn.

**Liquidity:** The Issuer will maintain access to cash and committed lines of credit in amounts sufficient to meet payment at maturity of the aggregate principal amount of outstanding Notes.

**Investment Eligibility:** As outlined and qualified in the opinion of Davies Ward Phillips & Vineberg LLP (counsel to the Issuer):

- (a) on the basis of a certificate of an officer of the Issuer as to certain factual matters, the Notes, if issued on the date of this Information Memorandum, would be qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans or registered disability savings plans (other than a trust governed by a deferred profit sharing plan to which contributions are made by the Issuer or an employer that does not deal at arm's length with the Issuer); and

(b) the Notes, if issued on the date of this Information Memorandum, would not be precluded as investments under any of the following statutes, in each case subject to general investment provisions and restrictions and, in certain cases, to prudent investment standards and restrictions and restrictions pertaining generally to purchasers and to additional requirements relating to investment or lending policies or goals:

- *Insurance Companies Act* (Canada)
- *Cooperative Credit Associations Act* (Canada)
- *Pension Benefits Standards Act, 1985* (Canada)
- *Trust and loan Companies Act* (Canada)
- *Insurance Act* (Ontario)
- *Loan and Trust Corporations Act* (Ontario)
- *Pension Benefits Act* (Ontario)
- *Act respecting trust companies and savings companies* (Québec), for a trust company, as defined therein, investing its own funds and deposits it receives, and a savings company, as defined therein investing its own funds
- *Supplemental Pension Plans Act* (Québec), for a plan governed thereby
- *Act respecting insurance* (Québec), for an insurer, as defined therein, constituted under an Act of the Province of Québec, other than a guarantee fund
- *Act respecting the Caisse de Dépôt et Placement du Québec* (Québec)
- *Pension Benefits Standards Act* (British Columbia)
- *Financial Institutions Act* (British Columbia)
- *Loan and Trust Corporations Act* (Alberta)
- *Financial Administration Act* (Alberta)
- *Insurance Act* (Alberta)
- *Alberta Heritage Savings Trust Fund Act* (Alberta)
- *Employment Pensions Plans Act* (Alberta)
- *Trustee Act* (Manitoba)
- *Pension Benefits Act* (Manitoba)
- *Insurance Act* (Manitoba)
- *Pensions Benefits Act, 1992* (Saskatchewan)
- *Trust and Loan Corporations Act, 1997* (Saskatchewan)
- *Trustee Act* (Prince Edward Island)
- *Pension Benefits Act* (New Brunswick)
- *Pension Benefits Act* (Nova Scotia)
- *Pension Benefits Act, 1997* (Newfoundland and Labrador)

**Investment  
Considerations:**

Prospective purchasers of the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances and reviewing such available information about the Issuer, the Guarantor and the Notes as they consider appropriate. Neither the Issuer nor the Guarantor is a reporting issuer in any jurisdiction in Canada and the nature of the publicly available information in respect of the Issuer and the Guarantor is therefore limited.

**Selling Restrictions:**

The Notes will not be sold outside Canada or to any person who is not resident in Canada or to any person purchasing for resale to, or for the account or benefit of, any person that is not resident in Canada. The Notes have not been and will not be registered under the U.S. Securities Act or any United States state securities laws and may not be offered, sold or resold within the United States or the territories or possessions thereof or to, or for the account or benefit of, U.S. Persons, unless the Notes are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available. By accepting a Note and the payment of amounts due thereunder, the holder of such Note is representing and warranting in favour of both the Issuer and the Guarantor that (a) it is a resident of Canada for the purposes of the Tax Act, (b) it is not a U.S. Person, and (c) it is not purchasing such Note for resale to, or for the account or benefit of, any person who is not resident in Canada for purposes of the Tax Act or who is a U.S. Person. **Persons who are non-residents of Canada for purposes of the Tax Act are advised to consult with their own tax advisers as to the Canadian withholding and other tax consequences to them of any proposed transactions involving the Notes.**

## **NOTICE TO RESIDENTS OF NOVA SCOTIA**

### **Rights of Rescission or Damages for Purchasers in Nova Scotia**

Purchasers of Notes resident in the Province of Nova Scotia have the following rights:

Where this Information Memorandum or any amendment hereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a misrepresentation, a purchaser in Nova Scotia to whom this Information Memorandum has been sent or delivered and who purchases a security referred to herein shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and the purchaser has, subject as hereinafter provided, a right of action for damages against the Issuer or other seller and against every director of the seller at the date of this Information Memorandum, but may elect to exercise a right of rescission against the seller, in which case the purchaser shall have no right of action for damages against the seller or any director of the seller, provided that, among other limitations:

- (a) in an action for rescission or damages, the defendant will not be liable if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Notes were offered.

In addition no person or company other than the Issuer is liable if the person or company proves that:

- (a) this Information Memorandum or the amendment to this Information Memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of this Information Memorandum or any amendment to this Information Memorandum and before the purchase of the Notes by the purchaser, on becoming aware of any misrepresentation in this Information Memorandum, or amendment to this Information Memorandum, the person or company withdrew the person's or company's consent to this Information Memorandum, or amendment to this Information Memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Information Memorandum or amendment to this Information Memorandum purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of this Information Memorandum or amendment to this Information Memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.



Furthermore no person or company other than the Issuer is liable with respect to any part of this Information Memorandum or amendment to this Information Memorandum not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation.

Pursuant to section 146 of the *Securities Act* (Nova Scotia), no action shall be commenced to enforce the right of action for rescission or damages conferred by section 138 thereof unless such action is commenced to enforce that right not later than 120 days after the date on which payment was made for the Notes or after the date on which the initial payment for the Notes was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) and is in addition to and without derogation from any other right the purchaser may have at law.

For the purposes of the *Securities Act* (Nova Scotia), "misrepresentation" means:

- (a) an untrue statement of material fact, or
  - (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.
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**XSTRATA FINANCE (CANADA) LIMITED**



**Discount/Interest Bearing Note**

guaranteed by  
**XSTRATA PLC**

Note No.: \_\_\_\_\_

Issue Date: \_\_\_\_\_

Due Date: \_\_\_\_\_

This is a depository note subject to the *Depository Bills and Notes Act* (Canada).

**Xstrata Finance (Canada) Limited**, for value received, hereby promises to pay to **CDS & CO.** on the Due Date the sum of \_\_\_\_\_ dollars plus interest thereon at the rate of \_\_\_\_\_ percent per annum , payable in lawful money of \_\_\_\_\_ on presentation and surrender of this Note at the main branch of Royal Bank of Canada in Toronto, Ontario.

This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**XSTRATA FINANCE (CANADA)  
LIMITED**

By: \_\_\_\_\_

Name: Stephen K. Young  
Title: Vice President, Legal

By: \_\_\_\_\_

Name: Michael Hajdu  
Title: Treasurer

## GUARANTEE OF XSTRATA PLC

FOR VALUE RECEIVED, Xstrata plc, a corporation incorporated under the laws of England and Wales (the "Guarantor"), hereby unconditionally guarantees the due and punctual payment of the principal of, and interest (if any) on, the promissory note to which this Guarantee is attached (the "Note") when, where and as the same shall become due and payable, promptly following demand made to the Guarantor by the holder of such Note, and without any requirement that the holder first proceed against Xstrata Finance (Canada) Limited.

The Guarantor waives notice of acceptance of this guarantee. The unconditional obligation and liability of the Guarantor hereunder will not be affected, impaired or released by any extension of time for payment of the Note or by any other matter or thing whatsoever which might release or have an effect on the liability of the Guarantor.

This guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

The date of this guarantee is the date of the Note.

IN WITNESS WHEREOF the Guarantor has caused this guarantee to be duly executed by an authorized signatory thereof either manually or by facsimile signature.

### XSTRATA PLC

By: (signed) M.L. Davis

Name: M.L. Davis

Title: Chief Executive Officer



February 26, 2008

Xstrata Finance (Canada) Limited  
100 King Street West  
Suite 6900, Box 403  
Toronto, ON M5X 1E3

Xstrata plc  
Bahnhofstrasse 2  
P.O. Box 102  
6301 Zug, Switzerland

Dear Sirs and Mesdames:

**Xstrata Finance (Canada) Limited**  
**Issue of Short-Term Promissory Notes**

We have acted as Ontario and Québec counsel to Xstrata Finance (Canada) Limited (the "**Issuer**") and special counsel to Xstrata plc (the "**Guarantor**") in connection with the proposed issue and sale in each of the provinces of Canada from time to time by the Issuer of short-term promissory notes (the "**Notes**") in a maximum aggregate principal amount at any one time outstanding of \$1,000,000,000 denominated in United States dollars or the equivalent thereof in Canadian dollars (calculated for this purpose on the date of issue thereof). The Notes will be issued in integral multiples of \$1,000 denominated in United States dollars or the equivalent thereof in Canadian dollars (calculated for this purpose on the date of issue thereof). The Notes will mature not more than one year from their respective dates of issue. The due and punctual payment of the principal of, and interest, if any, on, the Notes is unconditionally guaranteed by the Guarantor (the "**Guarantee**"), all as more particularly described in the Issuer's information memorandum dated February 26, 2008 in respect of the issue and sale of the Notes (the "**Information Memorandum**").

For the purposes of this opinion, we have examined such corporate records of the Issuer, such certificates of officers of the Issuer, public officials and others and originals or copies of such other agreements, instruments and documents as we have deemed necessary or advisable as a basis for the opinions expressed below, including:

- (a) the Information Memorandum;
- (b) a specimen of the form of Note, including the form of Guarantee attached thereto (the "**Specimen Note**"), each in the English and French language;

- (c) a certificate of status dated November 19, 2007 issued by the Ministry of Consumer and Business Services for the Province of Ontario in respect of the Issuer (the "**Certificate of Status**");
- (d) a certificate of an officer of the Issuer as to the incumbency and signatures of certain officers and authorized signatories of the Issuer; and
- (e) a certificate of an officer of the Issuer as to its constating documents, the resolution of its sole shareholder authorizing the borrowing of funds through the issue and sale of the Notes and certain other additional matters of fact relevant to the opinions expressed below.

In such examinations, we have assumed the genuineness of all signatures, the legal capacity of all individuals, the authenticity, completeness and accuracy of all documents submitted to or obtained by us as originals and the conformity to the authentic original documents of all documents submitted to us as certified or photostatic copies or facsimiles thereof. We have also assumed the accuracy and currency of the indices and filing systems maintained in all public offices where we made or conducted (or have caused to be made or conducted) searches or inquiries, and the accuracy and completeness of all public records and any certificates issued on the basis thereof.

With your consent, we have not reviewed the minute books and corporate records of the Issuer, except as expressly set out in this opinion, and have relied solely on the certified copy of the Issuer's constating documents and authorizing resolution described under item (e) above, a copy of which has been provided to you.

For the purpose of our opinion expressed in paragraph 1 below as to the existence of the Issuer, we have relied solely on the Certificate of Status.

For the purposes of the opinion expressed in paragraph 7(a) below, we have assumed that:

- (a) the Issuer is not a market intermediary as defined in the Regulation under the *Securities Act* (Ontario); and
- (b) the Notes shall be issuable with maturities of not more than one year from their respective dates of issue.

For the purposes of the opinion expressed in paragraph 7 below, we have also assumed that the Issuer is not engaged, and does not hold itself out as being engaged, in the business of trading in securities as principal or agent in the Province of Ontario, other than securities purchased by the Issuer for its own account for investment only and not with a view to resale or distribution.

For the purposes of the opinion expressed in paragraph 7 below, we have also assumed that, at the time of any trade of a Note:

- (a) such Note is not convertible or exchangeable into or accompanied by a right to purchase another security described in Section 2.35(1) of National Instrument 45-106 – *Prospectus and Registration Exemptions*;
- (b) the Notes have a rating at or above one of the rating categories set out below (each an "**Approved Credit Rating**" as defined in National Instrument 81-102 – *Mutual Funds*) issued by the corresponding credit rating organization and any of its successors as set out below (each an "**Approved Credit Rating Organization**" as defined in National Instrument 81-102 – *Mutual Funds*) or a category that replaces one of the Approved Credit Ratings:

<u>Approved Credit Rating Organization</u>	<u>Approved Credit Rating</u>
DBRS Limited	R-1 (low)
Fitch Ratings	F1
Moody's Investors Services	P-1
Standard & Poors	A-1 (low)

- (c) there has been no announcement by any Approved Credit Rating Organization of which the Issuer or its agents are or reasonably should be aware that the rating of the Notes may be downgraded to a rating category that would not be an Approved Credit Rating; and
- (d) no Approved Credit Rating Organization has rated the Notes in a rating category that is not an Approved Credit Rating.

The opinions expressed below in paragraphs 1, 2, 3, 4, 5 and 6 are limited to the laws of the Province of Ontario and the federal laws of Canada applicable in that province (collectively, "**Ontario Law**"). The opinions expressed below in paragraph 8 and 10 are limited to the laws of the Province of Québec and the federal laws of Canada applicable in that province (collectively, "**Québec Law**"). The opinions expressed below in paragraphs 7 and 9 are limited to the laws of each of the provinces of Canada and the federal laws of Canada applicable in such provinces.

To the extent that the opinions expressed below in paragraphs 7 and 9 relate to matters governed by laws other than Ontario Law and Québec Law, we have relied solely on opinions dated the date hereof of local counsel in each of the provinces of Canada other than Ontario and Québec as to the respective laws of such provinces (the "**Local Counsel**").

**Opinions**"), copies of which opinions have been provided to you and us, in each case without making any independent inquiry. To the extent that any of the Local Counsel Opinions is based on any assumption, is given in reliance on any certificate or other document or is made subject to any restriction, limitation, qualification or exception, the opinions expressed below in paragraphs 7 and 9 are similarly based upon such assumption, given in reliance on such certificate or other document or subject to such restriction, limitation, qualification or exception.

In giving the opinion expressed below in paragraph 6, we have relied, as to certain matters of or affected by English law relating to the Guarantor, solely upon an opinion dated the date hereof of Freshfields Bruckhaus Deringer (the "**Foreign Law Opinion**"), a copy of which opinion has been provided to you and us, without making any independent inquiry. To the extent that the Foreign Law Opinion is based on any assumption, is given in reliance on any certificate or other document or is made subject to any restriction, limitation, qualification or exception, the opinion expressed below in paragraph 6 is similarly based upon such assumption, given in reliance on such certificate or other document or subject to such restriction, limitation, qualification or exception.

Without limiting the generality of the foregoing, the opinions expressed below in paragraphs 5 and 6 as to the enforceability against the Issuer and the Guarantor of the Notes and the Guarantee, respectively, are subject to the following qualifications, limitations and restrictions:

- (a) the effect of bankruptcy, insolvency and other laws affecting the rights of creditors generally;
- (b) general equitable principles, including the principle that equitable remedies, such as specific performance and injunction, may be granted only in the discretion of a court;
- (c) with respect to Notes payable in a currency other than Canadian currency, the qualification that enforcement of the Notes may be limited by the fact that a judgment of a Canadian court may be awarded only in Canadian currency;
- (d) the rate of interest charged under the Notes or the rate of interest equivalent to the discount applied to the Notes must not exceed the criminal rate of interest or any maximum rate of interest determined from time to time under applicable law; and
- (e) in interpreting the Guarantee, a court may refuse to give effect to any words contained in the Guarantee purporting to impose liability on the Guarantor thereunder as a primary obligor.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a corporation existing under the *Business Corporations Act* (Ontario).
2. The Issuer has all necessary corporate power and authority to execute and deliver the Notes and to perform its obligations thereunder.
3. The execution and delivery of the Notes by the Issuer and the performance of its obligations thereunder have been duly authorized by all necessary corporate action on the part of the Issuer.
4. The execution and delivery of the Notes by the Issuer and the performance of its obligations thereunder do not contravene or result in a breach of (i) any provision of the Issuer's constating documents or any unanimous shareholders agreement or declaration to which it is a party, or (ii) Ontario Law (other than applicable securities law addressed below in paragraph 7).
5. Upon each of the Notes being duly completed, executed, issued and delivered in the form of the Specimen Note against full payment therefor, that Note will constitute a legal, valid and binding obligation of the Issuer, enforceable against the Issuer by the holder of such Note in accordance with its terms.
6. Upon the Guarantee being duly executed and delivered in the form of the Guarantee attached to the Specimen Note, the Guarantee will constitute a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the holder of a Note in accordance with its terms.
7. No prospectus or registration is required and no other document is required to be filed, proceeding taken or approval, permit, consent or authorization of regulatory authorities obtained under applicable securities legislation in respect of the offering and sale of Notes, either directly by the Issuer or through its agents, to purchasers in each of the provinces of Canada, provided that:
  - (a) in respect of the offering and sale of the Notes through agents to purchasers in the Province of Ontario, such agents are dealers registered under the *Securities Act* (Ontario) or, if not so registered, are not market intermediaries as defined in the Regulation under such Act; and
  - (b) in respect of the offering and sale of the Notes through agents to purchasers in the Province of Québec: (i) the Issuer will file the Information Memorandum and any other disclosure documents delivered to prospective purchasers of the Notes in the Province of Québec with the *Autorité des marchés financiers* without delay pursuant to Section 37.2 of the *Securities Regulation* (Québec); and (ii) such agents are dealers registered under the



*Securities Act* (Québec) or, if not registered, are exempt from the registration requirements of the *Securities Act* (Québec).

8. The provisions of the *Charter of the French Language* (other than those relating to verbal communications, as to which we express no opinion) will have been complied with in connection with the sale of the Notes to purchasers in the Province of Québec if such purchasers receive copies of the Information Memorandum, forms of order and confirmation of sale (in this paragraph 8, collectively, the "**Offering Documents**") in the French language (on the assumption that the Offering Documents constitute the entire contract for the purchase of the Notes), provided that the Offering Documents in the English language may be delivered without delivery of the French language versions thereof to those physical persons in the Province of Québec who have expressly requested in writing to receive such Offering Documents in the English language only.
9. The statements made in the Information Memorandum under the heading "Description of the Short-Term Promissory Notes – Investment Eligibility" have been reviewed by us and are a fair and accurate summary of the matters of law or legal conclusions included therein, subject to the restrictions, limitations, qualifications and exceptions stated therein.
10. The Information Memorandum and the Specimen Note in the French language are, in all material respects, complete and proper translations of the Information Memorandum and the Specimen Note in the English language.

The opinions expressed herein are provided solely for the benefit of the addressees in connection with the transactions referred to herein and may not be used or relied on for any other purpose, nor may such opinions be quoted in whole or in part or otherwise referred to, without our prior written consent.

Yours truly,

Davies Ward Phillips & Vineberg LLP