

**HER MAJESTY THE QUEEN**, in right of the Province of Nova Scotia,  
as represented by the Minister of Tourism, Culture and Heritage  
(hereinafter called the 'Minister')

- and -

**LUNENBURG SHIPYARD ALLIANCE LIMITED**, a body corporate registered under the laws of  
the Province of Nova Scotia, having its head office at Lunenburg, Nova Scotia  
(hereinafter called the 'Builder')

**SHIPBUILDING CONTRACT  
Relating to the Bluenose II**

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**THIS CONTRACT** made at Halifax in the Province of Nova Scotia this 2<sup>nd</sup> day of July, 2010.

BETWEEN:

**HER MAJESTY THE QUEEN**, in right of the Province of Nova Scotia,  
as represented by the Minister of Tourism, Culture and Heritage

(hereinafter called the 'Minister')

OF THE ONE PART

- and -

**LUNENBURG SHIPYARD ALLIANCE LIMITED**, a body corporate registered under the  
laws of the Province of Nova Scotia, having its head office at Lunenburg, Nova Scotia

(hereinafter called the 'Builder')

OF THE OTHER PART

**WHEREBY IT IS AGREED** that the Builder will perform the Work and deliver to the Minister the Vessel described herein and the Minister shall duly pay the Builder therefore all in accordance with the terms and conditions set forth in this Contract:

## 1. INTERPRETATION

### 1.1. In this Contract

- 1.1.1. 'Authorized Representative(s)' shall mean any person who has been designated in writing as having authority to act for the Minister or the Builder, as the case may be, and the extent of such authority shall be defined therein.
- 1.1.2. 'Benchmark Scope' shall mean the document attached hereto as Schedule 1, being the basis on which the Contract Price has been negotiated and agreed to by the parties hereto.
- 1.1.3. 'Builder's Financial Guarantee' shall mean the Guarantees acceptable in all respects to the Minister and attached hereto as Schedule 2.
- 1.1.4. 'Builder's Construction Manager' shall mean the person authorized in writing by the Builder, and confirmed in writing to the Minister as having authority to act on behalf of the Builder, in the discharge of the Builder's obligations hereunder. The authority of the Builder's Construction Manager includes, but is not limited to, the authority to sign Project Change Orders pursuant to Clause 6.
- 1.1.5. 'Builders Yard' shall mean the premises of the Builder located at Lunenburg Industrial Foundry, Lunenburg; Covey Island Boatworks, Riverport; and Snyder's Shipyard, Dayspring, all in Lunenburg County, Nova Scotia, Canada. For purposes of delivery of the Vessel as provided

for in Clause 12.1, the Builders Yard located at Lunenburg Industrial Foundry shall be used.

- 1.1.6. 'Change Order Request' shall mean a request in the form set out in Schedule 6 attached hereto.
- 1.1.7. 'Contract Delivery Date' shall mean 29 May 2012 as from time to time extended pursuant to this Contract by Force Majeure delays, by Permissible Delay and/or by Minister Delays.
- 1.1.8. 'Contract Documents' shall mean those documents identified in section 33.
- 1.1.9. 'Contract Price' shall mean the price stipulated in Clause 8.1 as amended by the provisions of this Contract or any amendment thereof, which in any event is exclusive of Harmonized Sales Tax
- 1.1.10. 'Days' shall mean calendar days.
- 1.1.11. 'Defect or Defective Work' shall mean Work that has been determined by the Inspector to fail to conform to the Contract Documents whether or not the defective work has been incorporated in the Work and whether or not the defect is the result of poor workmanship, use of defective products or damage through carelessness or other act or omission of the Builder.
- 1.1.12. 'Delivery' or 'Delivery Date' shall mean the date upon which the Vessel is delivered to and accepted by the Minister in accordance with Clause 12.
- 1.1.13. 'Inspector' shall mean Lengkeek Vessel Engineering Inc., or such qualified alternate as the Minister may propose to the Builder and as the Builder may consent to, such consent not to be unreasonably withheld by the Builder
- 1.1.14. 'Milestone Payment Schedule' shall mean the Schedule of Work to be performed by the Builder as specified therein and attached hereto as Schedule 7.
- 1.1.15. 'Minister' shall mean the Minister of Tourism, Culture and Heritage or his Authorized Representative(s).
- 1.1.16. 'Minister Delays' shall mean acts or failure to act by the Minister, its employees, agents, subcontractors and suppliers as provided for in this Contract.
- 1.1.17. 'Minister Furnished Equipment' or 'MFE' shall mean any item of equipment outfit and/or stores for the Vessel set out as Schedule 4 attached hereto and as may otherwise be provided for in the Specifications.
- 1.1.18. 'Minister's Project Manager' shall mean the person authorized in writing by the Minister, and confirmed in writing to the Builder as having authority to act on behalf of the Minister, in the discharge of Minister's obligations hereunder. The authority of the Minister's Project Manager includes, but is

not limited to, the authority to sign Project Change Orders pursuant to Clause 6.

- 1.1.19. 'Minister Subcontractor' or 'Minister Supplier' shall mean any person under contract to the Minister in connection with the performance of any of the obligations of Minister hereunder.
- 1.1.20. 'Notice' shall mean formal notice as further provided in Clause 31.
- 1.1.21. 'Permissible Delay' shall mean a delay on account of causes which under the terms of this Contract permit postponement of the Contract Delivery Date which delay shall be documented by a Project Change Order.
- 1.1.22. 'Regulatory Bodies' shall mean the authorities imposing rules and regulations with which the Work must comply, and for greater certainty shall include Transport Canada Marine Safety as regards statutory and regulatory requirements for Canadian flag ships, and American Bureau of Shipping as regards classification requirements.
- 1.1.23. 'Shop Drawings' shall mean drawings, notes, manufacturer's literature or similar data prepared or deliverable by the Builder in accordance with and based on the Specifications.
- 1.1.24. 'Specifications' shall mean the specifications, plans and drawings to be delivered by the Minister to the Builder in accordance with Clause 3, and which shall conform with the requirements of and have the approval of the Regulatory Bodies. The Specifications may be amended by the issuance of such revised or supplemental specifications, plans or drawings as may be subsequently agreed between the Minister and the Builder and signed by the Builder's Construction Manager and the Minister's Project Manager, in accordance with Clause 6.
- 1.1.25. 'Subcontract(s)' shall mean any contract entered into by the Builder for the construction or manufacture of any materials, machinery, services or equipment for the Work.
- 1.1.26. 'Subcontractor(s)' shall mean any person under the contract to the Builder for the construction, or manufacture of any materials, machinery, services or equipment for the Works.
- 1.1.27. 'Subcontractor's List' shall mean the List attached hereto as Schedule 8.
- 1.1.28. 'Supplier' shall mean any person under contract to the Builder or otherwise engaged for the supply of any materials, machinery, services, or equipment for the Works.
- 1.1.29. 'Vessel' shall mean the ship BLUENOSE II registered at Lunenburg, Nova Scotia, Official Number 320756, of which the Minister is registered owner and on or in respect of which the Works are to be performed.
- 1.1.30. 'Warranty Period' shall mean the period referred to in Clause 17.

1.1.31. 'Work' or 'Works' means the works and services (which expressions shall include the supply of materials and equipment) to be performed by the Builder or, to the extent permitted by Clause 5, by its Subcontractors or Suppliers under this Contract.

1.2. The order of precedence for the documents forming this Contract shall be:

1.2.1. in case of any inconsistency between any provision of this Contract and the Specifications, this Contract shall prevail;

1.2.2. in the case of any inconsistency between the Specifications and a plan or drawing, the Specifications shall prevail; and

1.2.3. in the case of an inconsistency between one plan or drawing and another plan or drawing, the later in date shall prevail.

1.3. Any reference to a Clause is to a Clause of this Contract.

1.4. The Index and Clause headings appearing in this Contract are inserted for convenience of reference only and shall not affect the construction of this Contract.

## 2. DESCRIPTION

2.1. The Builder shall carry out the Work as provided for herein and in the Specifications, including supplying and installing all materials, labor, machinery, equipment, furnishings, fittings, as specified in the Specifications save and except to the extent of MFE. In the case of MFE the Builder shall install same and provide the necessary foundations, wiring, piping and successfully- tested and commissioned interface connections to ensure the MFE functions as complete operational systems. Upon Delivery, the Vessel and all its parts and appurtenances shall be complete as specified hereinafter. The Specifications shall be signed by each party hereto for identification and shall be made an integral part hereof.

## 3. DESIGN RESPONSIBILITY

3.1. The Builder and the Minister acknowledge that the Minister is responsible to provide the Builder with the Specifications. In order that the parties may proceed with the Works, the parties have executed this Contract on the basis of the Benchmark Scope.

3.2. The Minister shall deliver the Specifications to the Builder as set out herein:

3.2.1 Specifications and digital information setting out the scantlings and shape of the laminated frames and floors in sufficient detail to permit layout and fabrication to begin on or before fourteen Days from execution of this Contract and in any event not later than ten (10) Days thereafter (delivery date);

- 3.2.2 Specifications corresponding to Section 3.1 Hull of the Benchmark Scope of Work on or before thirty-five Days from execution of this Contract and in any event not later than ten (10) Days thereafter (delivery date);
- 3.2.3. Specifications corresponding to Section 3.9 Propulsion and Generators, 3.10, Plumbing Systems, 3.11 Piping materials and Specifications, 3.12 Ventilation System, and 3.13 Electrical System on or before thirty-five Days from execution of this Contract and in any event not later than ten (10) Days thereafter (delivery date); and
- 3.2.4. Specifications corresponding to 3.2 Hatches and Deck Houses, 3.3 Accommodations, 3.4 Galley, 3.5 Gear, 3.6 Rig and 3.8 Tanks on or before forty-nine Days from execution of this Contract and in any event not later than ten (10) Days thereafter (delivery date).
- 3.3. In the event the Specifications are not delivered in accordance with a delivery date set out in Clause 3.2 and the Builder does not agree to extend the delivery date the Builder may, not later than five (5) days after such delivery date, submit a Change Order Request. The Change Order Request shall be in respect to the time period subsequent to the delivery date and shall set out in detail the reasons for an extension of the Contract Delivery Date.
- 3.4. In addition to its obligations under this Contract the Builder, at no additional cost to the Minister, shall be responsible for:
  - 3.4.1. the preparation of Shop Drawings which shall, if required by the Minister, be provided to the Minister and/or the Regulatory Bodies for review;
  - 3.4.2. the performance of the Work in accordance with the Shop Drawings; and
  - 3.4.3. using reasonable diligence document any inaccuracy(s) in the Specifications and/or other data or information provided by the Minister or by a third party acting on behalf of the Minister and to promptly Notify the Minister as to the specifics of such inaccuracy(s).
- 3.5. Where the Minister receives notification under clause 3.4.3 the Minister shall have seven (7) Days from the date of notification to respond to the Builder.
- 3.6. The Builder shall remain liable hereunder for:
  - 3.6.1. any defect or deficiency in the preparation of the Shop Drawings, whether or not the same have been reviewed by the Minister and/or the Regulatory Bodies; and
  - 3.6.2. performance of work undertaken by Builder in connection with a Change Order Request.
- 3.7. The Specifications and all intellectual property rights in the same (including plans and drawings and all intellectual property rights in the same being herein called the 'Minister IPR') shall at all times be and remain the sole and exclusive property of



the Minister who reserves all proprietary rights in and to the same. The Builder will not obtain any rights of ownership or other proprietary rights in connection therewith or any part thereof and will not act in any way to indicate to any third party that he has any right in or to.

The Builder shall only be entitled to use the Minister IPR for the sole purpose of (and for no other purpose) performing the Works.

3.8. Notwithstanding anything to the contrary in Clause 3.4 above, the Builder shall retain ownership of all Shop Drawings and all ownership and intellectual property rights thereto, except for those which have been developed directly from the Specifications or other information and/or data supplied by the Minister, Minister Subcontractor or Supplier. For the avoidance of doubt, the Minister shall own all Shop Drawings and all ownership and intellectual property rights thereto, inclusive of those approved by the Regulatory Bodies, which have been developed directly from the Specifications or other information and/or data supplied by the Minister, Minister Subcontractor, Supplier or third party acting on behalf of the Minister. With respect to all Shop Drawings, regardless of ownership, the Builder shall:

3.8.1. make copies thereof available to the Minister and/or Regulatory Bodies and the Minister shall be entitled to make the same available to Minister Subcontractor or Supplier or any third party or thereafter at the request of the Minister, to assist the Minister, or any third party, in the operation, repair or maintenance of the Vessel after Delivery; and

3.8.2. not design or build any vessel or similar vessel to the Vessel on the basis of 'Minister IPR'; and

3.8.3. not disclose Minister IPR nor Shop Drawings to third parties to enable them to effect such design of any vessel similar to the Vessel.

3.8.4. notwithstanding this clause, the Builder may use the Builder's Shop Drawings for marketing and promotional purposes.

#### 4. CLASS AND REGULATIONS

4.1. The Work shall be carried out in compliance with the specified rules and regulations of the Regulatory Bodies, including any alterations and modifications thereto published as at the date of signature of this Contract and including rules or regulations announced but not in effect on the date of signature of this Contract provided that they are scheduled to come into effect prior to the Contract Delivery Date, so as to enable the Vessel to be registered under the Canadian Flag and, should the Minister so determine, classed with American Bureau of Shipping. All fees and charges incidental to classification and to compliance with the specified rules and regulations of Regulatory Bodies and the requirements of this Contract payable in connection with the Work including fees, charges and expenses of the Regulatory Bodies incidental to the approval of the Specifications and registration of the Vessel shall be payable by the Minister.

4.2. If, after the date of signature of this Contract, any requirements of the Regulatory Bodies, with which the Work is required to conform including requirements

announced prior to the date of signature of this Contract and scheduled to come into effect prior to the Contract Delivery Date, are altered or changed by the Regulatory Bodies and the Minister is unable to obtain a dispensation therefrom or waiver of compliance therewith, the Builder shall comply with any such alterations or changes (if any) in the Work occasioned thereby, and any adjustments to the Contract Price and/or Contract Delivery Date, arising out of the changes in the rules or regulations shall be determined in accordance with Clause 6.

- 4.3. Clauses 4.1 and 4.2 shall apply mutatis mutandis, in the event that, following the signature of this Contract, any alterations or modifications are made to the laws, rules, regulations and enactments of the Regulatory Bodies (including any rules or regulation or alterations or modifications thereto announced but not in effect on the date of signature of this Contract and provided they are scheduled to come into effect prior to the Contract Delivery Date), to which the Work or Specifications are required to conform, save that each party on becoming aware of such modification, deletion or addition shall forthwith advise the other in writing

## 5. CONSTRUCTION, MATERIALS AND INSPECTION

- 5.1. The Builder shall commence performance of the Work and shall proceed with the same with all due diligence, so as to achieve the completion of the Work on or before the Contract Delivery Date in accordance with this Contract and the Specifications.
- 5.2. The Builder shall perform all Work under this contract in a good and workmanlike manner, in accordance with good marine practices and according to the Contract Documents. The Minister has entered into this contract relying upon the individual vessel construction skills of the Builder. For greater certainty all machinery, outfit, equipment, materials and workmanship shall be in accordance with this Contract and the Specifications and shall otherwise be in conformity with first class commercial shipbuilding practice.
- 5.3. If any specified materials are not available when required for incorporation in the Works, the Builder shall be at liberty to use other suitable materials in substitution therefore subject to the approval of the Minister which approval shall not be unreasonably withheld and where applicable approval of the Regulatory Bodies. If such approvals are forthcoming, any consequent modification or change shall be dealt with in accordance with the provisions of Clause 6.
- 5.4. The Builder may sub-contract any portion of the Work to any of the Subcontractors or Suppliers respectively specified and/or listed in the Subcontractor's List but shall not otherwise be entitled to sub-contract any portion of the Work without the Minister's written consent which shall not be unreasonably withheld.
- 5.5. During performance of the Work the Builder shall permit the Minister's Authorized Representatives and the Ministers' Project Manager to attend any inspections, tests and trials, notice of which shall be communicated in writing to the Minister's Project Manager as follows:
  - 5.5.1. in the case of an inspection, test or trial where a representative of the Minister must be present, the Builder shall give seven (7) Days Notice of

such inspection, test and/or trial; and

- 5.5.2. in the case of an inspection, test or trial for which a formal procedure with acceptance/rejection criteria is applicable, the Builder shall give seven (7) Days Notice of such inspection, test and/or trial;

Such inspection, test and/or trial shall in no way diminish, affect or impair the obligations, guarantees or undertakings of the Builder in relation to the due and proper execution of the Work or the materials employed or guarantees hereinafter mentioned. The failure of the Minister's Authorized Representatives and/or Project Manager to attend any inspection, test and/or trial, after receipt of Notice as above, shall be deemed a waiver of Minister's right to attend same, however the Builder shall provide the Minister with the written results of such inspection, tests and/or trial as soon as practicable thereafter and in any event not later than seven (7) Days thereafter.

- 5.6. The Builder shall permit the Minister's Project Manager and the Inspector access during all working hours to the Builder's Yard, the facilities of the Builder and its Subcontractors for the purposes of inspecting the Work.
- 5.7. If during performance of the Work and prior to dock and sea trials the Inspector becomes aware of any defect arising out of the Works he shall as soon as practicable specify the same in writing to the Builder and the Builder shall at its own cost rectify any such defect.
- 5.8. The Builder shall permit the Minister's Subcontractors and Suppliers, all necessary and appropriate access to the Vessel for performing the scopes of work of the Minister's Subcontractors and Suppliers. The Minister's Project Manager and the Builder's Construction Manager shall liaise and shall co-operate with each other to minimize any disruption. The Minister's Project Manager, Subcontractors and Suppliers shall be permitted ready access to the Builder's Yard to enable them to carry out and complete their work to ensure that the Vessel is fully operational at Delivery.
- 5.9. The Minister undertakes that its Project Manager and Authorized Representatives shall carry out their duties hereunder in such a way as to avoid any increase in the Contract Price or delay in the Milestone Payment Schedule or Contract Delivery Date.
- 5.10. If Delivery of the Vessel is delayed, the following shall occur:
- 5.10.1. In the event of delay in Contract Delivery Date the Minister shall be entitled to recover from the Builder all provable damages for breach of contract in accordance with the governing law, such damages to be agreed in writing between the parties or to be determined in accordance with the provisions of Clause 22.
- 5.10.2. In addition to the Minister's right to damages, if Delivery has not occurred within the period of sixty (60) Days after the Contract Delivery Date, the Minister shall be entitled to exercise the rights and remedies available to it under Clause 15.

## 6. MODIFICATIONS AND CHANGE ORDERS

- 6.1. Upon delivery to the Builder of the Specifications in accordance with Clause 3.2, if and to the extent that the Specifications do not conform with the corresponding section of the Benchmark Scope and the parties cannot reach an agreement, either party may issue to the other a Change Order Request seeking adjustment of the Contract Price, and if applicable an extension of the Contract Delivery Date, by reason of that non-conformity. The other party shall have the right to accept or reject the Change Order Request in his discretion. In the event of an acceptance the other party shall countersign the Change Order Request. If agreement cannot be reached the dispute shall be resolved in accordance with Clause 22.
- 6.2. The Minister may without invalidating the Contract issue a Change Order Request. The cost or credit to the Minister, and the resulting adjustment in the Contract Delivery Date, resulting from a Change Order Request shall be determined by mutual agreement between the Builder and the Minister, and, in the event agreement cannot be reached, shall be determined pursuant to the provisions of Clause 22. Unless otherwise determined in accordance with Schedule 11 attached, changes shall be charged or credited on a time and material basis, net of time and material saved by not proceeding in accordance with original plans and specifications. For purposes of this section, charges shall be as follows:
- Labor, \$62 per hour regular time  
Labor, \$93 per hour overtime  
Materials, actual cost to Builder plus 43%
- 6.3. In the event that the Builder submits a Change Order Request seeking an adjustment of the Contract Price or an extension of the Contract Delivery Date, including but not limited to a Change Order Request under Clause 3.3, the Minister shall, in his discretion, have the right to reject the Change Order Request. In the event of an acceptance the Minister shall countersign the Change Order Request. If agreement cannot be reached the dispute shall be resolved in accordance with Clause 22.
- 6.4. The Builder's Construction Manager and the Minister's Project Manager, respectively, shall have authority to bind the Builder and the Minister, respectively, in relation to this Clause.
- 6.5. Notwithstanding that a Change Order Request has been rejected and/or accepted by either party, a party has not responded to a Change Order Request under Clause 6.6 or the Minister has not provided a response under Clause 3.5, the Minister shall have the right to issue a directive instructing the Builder to proceed with the Work and the Builder shall immediately comply with such directive, but such compliance shall not prejudice either party's rights to resolve the dispute in accordance with Clause 22.
- 6.6. For greater certainty a party shall reply to any Change Order Request within seven (7) Days, of submission or such longer period as the parties may agree to in writing.

## 7. MINISTER FURNISHED EQUIPMENT

- 7.1. The Minister shall deliver to the Builder's Yard all MFE not specified in Schedule 4 attached hereto (as amended from time to time).
- 7.2. Upon delivery of such equipment to the Builder, the Builder shall be responsible for the care, custody, and risk of loss of MFE from the time of delivery until the Delivery Date of the Vessel.
- 7.3. On arrival of MFE at the Builder's Yard, the Builder shall inspect the same to ensure that the MFE contain no obvious defects or signs of damage, and shall measure and review the same to ensure that they are in accordance with the specifications. The Builder shall promptly advise the Minister's Project Manager in writing of any MFE which are damaged or do not appear to be in accordance with the specifications.

## 8. PRICE AND TERMS OF PAYMENT

- 8.1. The Contract Price shall be Twelve Million Four Hundred and Fifty Five Thousand Seven Hundred and Seventy Seven Canadian Dollars (CDN \$12,455,777.00).
- 8.2. The Builder shall provide the Builder's Financial Guarantee to the Minister on or before the date of signature of this Contract.
- 8.3. Provided that the Minister has received the Builder's Financial Guarantee and proof of insurance coverage as provided for in this Contract, payment of the Contract Price shall be made in accordance with the Milestone Payment Schedule.
- 8.4. Payments shall be subject to:
  - 8.4.1. verification by the Inspector that the Work set out in the Milestone Payment Schedule has been completed in accordance with the Specifications;
  - 8.4.2. receipt by the Minister's Project Manager of the Builder's invoice in the amount of the relevant payment; and
  - 8.4.3. submission by the Builder of a completed statutory declaration in the form attached hereto as Schedule 10.
- 8.5. The cost or credit for Change Order Requests will be adjusted and paid or credited on the next payment due under the Milestone Payment Schedule.
- 8.6. The amount of each payment hereof shall be due and payable within thirty (30) Days of compliance by the Builder of the requirements set out in Clause 8.4.
- 8.7. The amount of damages agreed to by the parties under Clause 5.10 and the value of the Minor Item(s) agreed to by the parties under 11.8 shall be payable on or before Delivery of the Vessel. If said amounts or value are not paid on or before Delivery of the Vessel the Minister shall be entitled to deduct said amount and value from the Contract Price.

8.8. In the event the parties cannot agree:

- (i) to the amount of damages payable under clause 5.10 and/or
- (ii) the value of Minor Items under clause 11.8, the Minister shall be entitled to withhold the amount of damages claimed and the value of the Minor Item(s) from the Contract Price pending resolution of the dispute in accordance with Clause 22.

## 9. PROPERTY AND JURISDICTION

- 9.1. Without prejudice to the rights of the Minister as provided in Clause 15, any engines, boilers, machinery or materials which are part of the Vessel or which are appropriated thereto shall not after delivery to the Builder's yard be removed outside the Builder's Yard except for the purposes of effecting repairs thereto or obtaining replacements therefore.
- 9.2. Without prejudice to the rights of the Minister as provided in Clause 15, the Work shall be performed at the Builder's Yard and the Vessel shall not be floated other than at the Builder's Yard without the prior written approval of the Minister.
- 9.3. The Builder may, subject to the approval of the Minister which approval will not be unreasonably withheld, erect signage identifying the Project at the premises of the Builder, the corporate members of the Builder's consortium and the Builder's principal consultants.
- 9.4. The Minister and the Government of Canada may, at the Builder's yard erect signage identifying the Project.
- 9.5. The Builder may engage in promotional activities as provided for in Schedule 13.
- 9.6. For greater certainty the Builder warrants and guarantees that title to all materials and equipment covered by a payment under Clause 8, whether then incorporated in the Vessel or which is identified to be incorporated in or placed on the Vessel when delivered, shall pass to the Minister upon said payment free and clear of all liens, claims, security interests or encumbrances; and that no such liens, claim, security interests or encumbrance will have been acquired by the Builder, Subcontractor, Supplier or by any other person performing Work or furnishing materials and equipment. Upon request of the Minister, the Builder shall at a reasonable time and place provide documentation of invoices, accounts, and proof of payment to establish that Subcontractors and Suppliers of machinery, equipment and supplies are being paid and that no liens, claims, security interests or encumbrances are being incurred other than as are being satisfied in the ordinary course of business.
- 9.7. Any person or entity which holds a security interest on property of the Builder which reasonably may be construed as applying to the Vessel (including materials and equipment), the secured party shall agree to subordinate its security interest to the interests of the Minister to the extent that the Minister has made payments covering such work, materials and equipment. The Builder agrees to obtain

subordination agreements from holders of security interests in property to which the Builder has title or possession which might apply to the Vessel, its materials, machinery and equipment. The Builder agrees to obtain subordination agreements in a form satisfactory to the Minister and to provide originals of such agreements to the Minister seven (7) Days prior to execution of this Contract. Said agreement shall be attached hereto and form part of the Contract.

## 10. INSURANCE

- 10.1. The Builder on or before the execution of this contract shall obtain insurance coverage as required by the Minister and shall not later than ten (10) days following execution of this Contract, provide proof acceptable to the Minister that said insurance is in place. The Builder shall maintain the insurance coverage for the duration of this Contract.
- 10.2. All insurance policies to be provided under this contract by the Builder shall name the Minister as co-insured. The Minister shall have the right at any time to require proof from the Builder that the insurance is being maintained.

## 11. TRIALS AND PERFORMANCE

- 11.1. Prior to the Vessel's Delivery to, and acceptance by the Minister, the Vessel shall undergo sea trials during a single trip, at a place appointed by the Builder and in accordance with the provisions of the Specifications. The Vessel shall also undergo dock trials in accordance with the provisions of the Specifications.
- 11.2. The Minister and the Inspector shall receive from the Builder at least thirty (30) Days written Notice of the time and place of the sea trials.
- 11.3. Prior to any trial to be conducted the Inspector shall have a reasonable time to inspect and test the Vessel and its systems. Any defects which may become apparent during such inspections shall be corrected by the Builder prior to trials and at the Builder's cost.
- 11.4. The Authorized Representatives of the Minister who will attend and witness the performance of the Vessel during such sea trials shall be present on the date specified in the Notice. Failure of the Minister or any of the Authorized Representatives to be present after due Notice shall render the Minister liable for the costs of the abortive sea trial arrangements and shall constitute a Permissible Delay extending the Contract Delivery Date of the Vessel by the period of delay caused by such failure to be present which extension shall be effected by a Project Change Order in accordance with Clause 6.
- 11.5. In the event of the weather on the date specified for the sea trials being in the reasonable opinion of either party unfavorable, then the same shall take place on the first available Day thereafter that weather conditions permit. If during the sea trials such changes in weather shall occur as would, in the opinion of either party, have precluded any commencement of the sea trials had the change in weather occurred before the sea trials had started then, in such event, either party shall have the option to discontinue the sea trials and require that the date for the sea trials be postponed until the first favorable Day next following unless the Minister

shall agree to accept the Vessel on the basis of the sea trials made prior to such sudden change in weather condition. Any delay in sea trials caused by adverse weather conditions shall be a Force Majeure delay within the terms of Clause 13.

- 11.6. Prior to dock and sea trials the Minister shall select the fuel oil and main engine lubricating oils in compliance with the Specifications and machinery manufacturer's recommendations, whereupon the Builder shall provide the Vessel with the required quantity of fuel oil, lubricating oils, grease and other stores necessary for the conduct of such dock and sea trials.
- 11.7. If the Inspector determines that the Vessel fails any of the dock or sea trials for which the Builder is responsible, the Builder shall, at no cost to the Minister and not later than five (5) days after such trial rectify any defects which caused such failure and shall conduct at the Builder's expense additional trials until the Vessel meets or exceeds the applicable Specifications.
- 11.8. The Minister and Builder may agree that any defects noted in the trials do not substantially affect the intended operation of the Vessel, which defects shall be deemed to be Minor Items. In the event that, Minor Items exist that have not been corrected to the satisfaction of the Inspector, a list of the Minor Items will be made by the Inspector and a value assigned by the Inspector to each Minor Item and the list shall be provided to the Builder. In the event the Minister and Builder cannot agree in writing as to the value of any Minor Item, the value shall be determined in accordance with Clause 22.

## 12. DELIVERY

- 12.1. The Vessel shall be delivered to the Minister by the Builder in the water at the Builder's Yard on or before the Contract Delivery Date. The Builder shall be responsible for the successful launching of the Vessel.
- 12.2. The Builder shall, not less than ten (10) Days prior to the Contract Delivery Date, provide to Minister the following: (1) a Builder's Certificate; (2) any forms or documents necessary to obtain registration of the Vessel; (3) a warranty and maintenance package that shall include the manufacturers' literature collected as stated in the Contract Documents and/or as otherwise may have been obtained by the Builder for maintenance of the Vessel, its finishes and appurtenant equipment; and (4) written assurance from the Builder warranting that the Vessel is free and clear of all liens, claims, security interests and encumbrances arising from the performance of the Work.
- 12.3. Provided that:
  - 12.3.1. the Work is determined by the Inspector to have been completed in compliance with the requirements of the Contract Documents and the Regulatory Bodies;
  - 12.3.2. all defects have been corrected to the satisfaction of the Inspector;
  - 12.3.3. all certificates, documents and protocols referred to in Clause 12.2 have been tendered;



12.3.4. the Contract Price has been adjusted in accordance with the terms of this Contract;

12.3.5. any other document, certificate, plan, information or otherwise to be provided by the Builder under this Contract has been so provided; and

12.3.6. written assurance from the Builder, in the form acceptable to the Minister warranting that no liens have been filed, pending or threatened against the Vessel;

12.3.7. the Builder has complied with all of its obligations under this Contract; and

12.3.8. the Builder has submitted a completed statutory declaration in the form attached hereto as Schedule 10 and the Minister has accepted same.

the Delivery of the Vessel shall be forthwith effected by the concurrent signature of the Minister and the Builder on the Tender of Delivery attached hereto as Schedule 9 acknowledging Delivery of the Vessel by the Builder and Acceptance thereof by the Minister.

12.4. The Minister shall take possession of the Vessel immediately upon execution of the Tender of Delivery and, except as otherwise mutually agreed in writing in advance, remove the Vessel within seven (7) Days thereof from the Builder's Yard. If the Minister fails to remove the Vessel within seven (7) Days, the Minister shall reimburse the Builder for any actual and direct costs incurred by the Builder as a result of such failure to remove after seven (7) Days.

12.5. If the Minister fails without just cause to take Delivery upon tender of a Tender of Delivery by the Builder, the Minister shall nevertheless pay payment on the date of tender and shall thereafter reimburse the Builder for all costs and expenses which the Builder reasonably incurs by reason of the Minister's failure to take Delivery.

### 13. FORCE MAJEURE

13.1. A Force Majeure occurrence shall mean any of the following occurrences beyond the control and without the fault or negligence of the party affected and which by the exercise of reasonable diligence the said party is unable to prevent or provide against and which delays the performance of the Work and thereby the Contract Delivery Date:

13.1.1. act of God, fire, inclement weather of abnormal severity and/or duration;

13.1.2. war (whether declared or not), riots, insurrections or malicious damage;

13.1.3. damage to Vessel which constitutes a partial loss and is repaired from the proceeds of insurance under the provisions of Clause 10;

13.1.4. cessation, curtailment or interruption of fuel, power, gas, water or any other essential services; and

13.1.5. except where due to the fault or negligence of the Builder or its Subcontractors or Suppliers, any delay in or short delivery of, or defects in materials machinery services or equipment for the Vessel (provided that the Builder demonstrates that they are critical to construction of the Vessel at the time of delay and that they were ordered in due time).

Provided, however, that the Builder shall not be entitled to rely upon any of the occurrences listed in Clause 13.1 unless the Builder has taken all reasonable steps to mitigate their effect upon the completion of the Work.

13.2. The Builder shall, within two (2) Days of becoming aware that an occurrence specified in clause 13.1 is likely to cause delay, Notify the Minister in writing thereof. The Builder shall also advise the Minister in writing after any such occurrence of which Notice was given in accordance with the provisions of this clause ceases within two (2) Days of such cessation and shall then provide the Minister with the Builder's best estimate of the likely period of delay resulting therefrom. Failure of the Builder to provide due Notice as provided for in this clause shall be deemed a waiver of Builder's right to claim Force Majeure.

13.3. A delay in the Contract Delivery Date caused by Force Majeure shall constitute Permissible Delay and issues as to (i) whether an event constitutes Force Majeure and (ii) the extent of any delay due to Force Majeure, shall be documented, agreed and/or resolved in accordance with Clause 22. The revised Contract Delivery Date resulting from Permissible Delays due to Force Majeure causes shall be established by extending the Contract Delivery Date by one Day for each Day of Force Majeure calculated after making full provision for concurrent delays and mitigation by the Builder.

13.4. In the event of a period of Force Majeure lasting more than forty-five (45) consecutive Days, or period or periods thereof of more than sixty (60) Days in the aggregate, the Minister shall be entitled to exercise his rights under Clause 15.2.

13.5. The Builder shall not charge the Minister for any standby, moving, or like costs that may be incurred by the Builder in connection with any work stoppage caused by the above events or like circumstances beyond either party's reasonable control.

13.6. An occurrence specified in 13.1 shall not, under any circumstances, be a basis for increasing the Contract Price.

#### 14. DEFAULT OF THE MINISTER

14.1. The Minister shall be in default and this Contract may be cancelled by the Builder by Notice in writing to the Minister if:

14.1.1. the Minister fails without just cause to make a payment within seven (7) Days of its becoming due and payable in accordance with Clause 8.

Notice of cancellation by the Builder under this Clause shall be given by facsimile and confirmed in writing and shall (unless the Minister shall have then remedied the default) be effective fourteen (14) Days after receipt of the written confirmation thereof by the Minister whereupon the Builder shall be entitled to exercise the rights provided for in Clause 14.1

and provided that the Builder shall not be entitled to exercise such rights in respect of any amount in dispute and for which the Dispute Resolution process under Clause 22 has been commenced.

- 14.2. However, the Builder shall not be entitled to exercise its rights under this Clause if the Minister has already commenced the exercise of its rights pursuant to Clause 15.
- 14.3. If the Builder elects to cancel the Contract under Clause 14.1, the Builder shall be entitled to provable losses resulting from the default plus interest at the rate of 2% per month, such losses to be agreed between the parties or to be determined in accordance with the provisions of Clause 22.

## 15. DEFAULT OF THE BUILDER

15.1. Upon the occurrence of any of the following events the Builder shall be in default:

15.1.1. the Vessel becomes a total loss; or

15.1.2. the Builder without just cause refuses to proceed with the Work;

15.1.3. the builder fails to comply a directive issued under clause 6.5.

15.1.4. an order is made or an effective resolution is passed for the winding up of the Builder (otherwise than a voluntary winding up for the purpose of amalgamation or reconstruction) or a receiver or administrator is appointed of the whole or in part of the undertaking of the Builder; or

15.1.5. the Builder fails to obtain or to maintain insurance coverage and/or to provide proof thereof as required under with Clause 10.1 and/or Clause 10.2.

15.2. In circumstances of the Builder's default as described in Clause 15.1 or in the circumstances set out in Clause 5.11 or 13.4, the Minister, without prejudice to its rights under the Builder's Financial Guarantee, shall be entitled by Notice to the Builder to EITHER:

15.2.1. cancel this Contract in which event the Minister shall pay to the Builder an amount representing value of work performed by the Builder to the date of the termination, determined in accordance with Clause 16.1.4; OR

15.2.2. take possession of the Vessel in its unfinished state and complete the Work in accordance with this Contract and the Specifications either at the Builder's Yard or elsewhere, at the Minister's sole option. In the event the Minister decides to complete the Work at the Builder's Yard, the Minister and its agents or Subcontractors shall, at no cost to the Minister, be entitled to use the Builder's Yard, buildings, plant, machinery, tools and implements and all materials appropriated to or ordered for the Vessel. In the event that the cost of completing the Work exceeds the Contract Price, the Builder shall pay to the Minister on demand an amount equal to the amount of such excess from the time of demand with interest thereon at zero (0) %

percent per month calculated from the date of demand until the date of receipt of payment.

- 15.3. If the Minister elects to take possession pursuant to sub-clause 15.2.2, the Minister shall be entitled then or at any time thereafter to make demand under the Builder's Financial Guarantee and to utilize all sums from time to time received thereunder for the purposes of completing the Work (in accordance with the terms of this Contract and the Specifications).
- 15.4. Subject always to the provisions of Clause 15, in the event of the cancellation of this Contract by the Minister, the property in the Vessel and all its materials, machinery and equipment shall, following receipt by the Minister of the full amount of all payments paid up to the date of such cancellation and all other amounts payable by the Builder to the Minister hereunder, shall remain vested in the Minister.
- 15.5. In the event that the Minister elects to take possession of the Vessel pursuant to Clause 15.2.2, the Builder shall assign (or procure the assignment of) the Subcontracts, Supplier contracts and/or any rights arising hereunder to the Minister and shall do and execute such assurances, acts and documentation required or desirable for vesting the aforementioned rights and/or any rights arising thereunder in the Minister. Such assignment shall include all warranties and guarantees.
- 15.6. All MFE not incorporated in the Vessel shall be made available to the Minister by the Builder upon request of the Minister.
- 15.7. In the event the Minister elects to take possession of the Vessel pursuant to Clause 15.2.2, any sums due from the Builder to the Minister pursuant to Clause 5.11.1 already incurred at the date of Notice under Clause 15.2 shall be set off against any remaining payments due from the Minister to the Builder.
- 15.8. Notice of cancellation by the Minister under Clause 15.2 shall be given by facsimile and confirmed in writing and shall be effective fourteen (14) Days after receipt by the Builder unless the Builder shall have demonstrated to the satisfaction of the Minister that it can speedily remedy the default, and is exercising the necessary due diligence to do so. Any other Notice of cancellation under 15.2 shall be effective forthwith upon service.

## 16. TERMINATION BY MINISTER WITHOUT CAUSE

- 16.1. Notwithstanding any other provision herein contained the Minister may, at its sole discretion and without cause, terminate the Contract at any time by giving written Notice to the Builder and the Builder shall:
  - 16.1.1. unless the Notice directs otherwise, cease performance of the work and shall perform only such work as is necessary in order to preserve and protect the permanent works, and shall, if at the Builder's Yard, store the same at the Builder's risk and expense, until such time as it is removed from the Builder's Yard;

16.1.2. deliver and transfer to the Minister in accordance with the Minister's instructions all materials, supplies and other items for which the Builder is entitled to receive reimbursement according to the Contract, together with all plans, drawings, specifications and other documents which the Minister is entitled to according to the Contract.

16.1.3. if requested by the Minister, undertake all reasonable endeavours to cancel any or all of its outstanding orders or Subcontracts upon such terms as may be approved by the Minister or if the Minister shall so request, the Builder shall assign such orders or Subcontracts to the Minister and take such actions as may be necessary in order to secure for the Minister the rights of the Builder therein.

16.1.4. in the event of termination by the Minister in accordance with this Clause, the Minister shall pay to the Builder the following amounts in full and final settlement of all amounts due or in any way arising from the Contract, less all amounts previously paid:

16.1.4.1. an amount for the cost and expenses incurred by the Builder for materials and equipment being in conformity with the Contract and which are ordered for incorporation into the Work, together with all direct costs for work performed up to the date of the notice of termination hereunder, inclusive of overhead recovery and reasonable allowance for profit;

16.1.4.2. an amount for all other documented costs which the Builder is legally obliged to pay Subcontractors or suppliers, or in respect of liabilities or costs which the Builder has undertaken in good faith in connection with the work; and

16.1.4.3. an amount for all costs, charges and expenses directly attributable to the orderly close out of the performance of the Work, such as the cost incurred for personnel in order to satisfy the requirements of law and labour agreements.

16.2. the Minister shall, within fourteen (14) Days of Notice of termination, at its cost and expense, remove the Vessel, all equipment, material, machinery and MFE (Property) from the Builder's Yard, but in no case any longer than thirty (30) Days. If any of the Minister's Property remains in the Builder's Yard longer than thirty (30) Days from the Notice of termination under this Clause and the Minister and the Builder are unable to mutually agree on the disposition of the Property, then the Builder may remove, at the Minister's expense, all remaining Property which obstructs the Builder's activities within the Builder's Yard; or

16.2.1. the Minister may take possession of the Vessel pursuant to clause 15.2.2 and clauses 15.4, 15.6 and 15.8 shall apply thereto;

## 17. BUILDER'S WARRANTIES AND WARRANTY PERIOD

17.1. The Builder, for the whole of the Warranty Period, guarantees the Work against all defects which are due to defective material, poor workmanship and that the Work

has been performed in accordance with this Contract. The Warranty Period shall be for a period of twelve (12) months from Delivery of the Vessel provided always that, in respect of any repairs or replacement or such additional works as are referred to in clause 17.8, the Warranty Period shall in respect only of such repairs, replacements or additional works be twelve (12) months after the completion of same. The Warranty Period shall not in any event exceed twenty four (24) months in total from Delivery.

- 17.2. The Builder shall obtain written warranties from all Subcontractors, Suppliers, manufacturers, and any other person engaged by the Builder in the performance of the Work. To the extent reasonably available, the Builder shall use commercially reasonable efforts to ensure that the Warranty Period respecting the warranties obtained pursuant to this sub-clause shall be in effect for a period of not less than twelve (12) months from Delivery of the Vessel and in addition that, in respect of any repairs or replacement or additional work, the Warranty Period shall be twelve (12) months after the completion of such repairs or replacement and additional work.
- 17.3. The Builder shall hold the benefit of all warranties, guarantees, and other rights and remedies obtained under clause 17.2 in trust for and in accordance with the Minister's instructions. At the end of the Warranty Period the builder shall assign to the Minister the benefit of any remaining warranties.
- 17.4. The remedies contained in this Clause concerning the defects which are covered by this Clause are the sole and exclusive remedies in favor of the Minister concerning such matters. For the avoidance of doubt, this Clause has no application to warranties concerning title or intellectual property rights.
- 17.5. The Builder's warranty set out in clause 17.1 does not extend to loss or damage or expense to the extent arising from wear and tear, perils of the sea, accident, negligence or misuse on the part of the Minister or any third party.
- 17.6. The Minister shall give Notice to the Builder within fourteen (14) Days after discovery of any defect in material or workmanship by any supervisory personnel on board the Vessel. The Notice shall include full details as to the nature of the defect and the extent of the damage caused thereby. The Builder shall be freed from all liability under this Clause for any defects discovered prior to the expiry of the Warranty Period, unless Notice thereof is given by the Minister not later than fourteen (14) Days after the expiry of the Warranty Period. The Builder shall have no liability in respect of defects discovered after the expiry of the Warranty Period.
- 17.7. Without prejudice to Clause 17.6, upon receipt of Notice under Clause 17.6 the Builder shall be entitled to arrange for inspection of the Vessel on its own behalf. The Minister shall make available to the representatives of the Builder at such inspection the Vessel's logbooks and any other relevant documents and information and shall supply such certified copies of such log books, documents and information as may reasonably be requested by the Builder.
- 17.8. The Builder shall, within thirty (30) days of notification under Clause 17.6 or such further period as the Minister may agree to remedy at its own expense including the costs of bringing the vessel to the Builder's yard, all defects in material or

workmanship arising during the Warranty Period of which it is notified in accordance with Clause 17.6, by making all necessary repairs and replacements and by performing such additional work as may be required to remedy such defect (including without prejudice to the foregoing generality the provision of such personnel as the parties may agree). Further, if the Minister deems that it would be impractical to bring the Vessel back to the Builder's Yard or otherwise to have the work performed by the Builder, the Minister shall Notify the Builder in accordance with Clause 17.6, in which case the Builder shall, within seven (7) Days of receipt of such notification, Notify the Minister in writing that the Builder:

- (i) will complete the repair work at the Builder's yard, at the Builder's expense including all costs associated with bringing the vessel to the Builder's yard and within the time frame stipulated by the other shipyard; or
- (ii) that the Minister may have the repair work completed at the shipyard identified in the notice and that the Builder shall, within thirty (30) days of completion of the repairs, reimburse the Minister for all costs incurred by the Minister.

17.8.1. If the Builder fails to notify the Minister as provided for 17.8 the Minister shall be entitled to proceed in accordance with Clause 17.8.1(ii).

17.8.2. The Builder shall have the right to be Notified prior to the commencement of repair work and the Builder shall not be liable for the efficacy of the same.

17.9 The Builder has the right to appoint or nominate upon terms and conditions to be agreed a competent guarantee engineer acceptable to the Minister to sail with the Vessel as guarantee engineer during the whole or any part of the Warranty Period and, if the Minister has reason to be dissatisfied with the guarantee engineer so appointed, shall replace him by another guarantee engineer. The wages and expenses and repatriation expenses of the guarantee engineer in any case shall be paid by the Builder. The Minister and its employees shall give such guarantee engineer full co-operation in carrying out his duties on board the Vessel

## 18. BUILDER'S FINANCIAL GUARANTEE

18.1. The Builder shall deliver to the Minister on or before execution of this contract the Builder's Financial Guarantee in a form acceptable to the Minister and same shall be attached hereto as Schedule 2 and shall form an integral part of this Contract.

## 19. INDEMNITIES FOR INFORMATION SUPPLIED

19.1. The Builder shall indemnify the Minister from and against all claims of third parties arising by reason of the use by the Minister or the Minister Subcontractor or Minister Supplier of any information supplied to the Minister, Minister Subcontractors or Minister's Suppliers by the Builder in connection with the performance of the Work, and from all costs and expenses (including costs and expenses of litigation) incurred by the Minister by reason of such claim.

19.2. The Minister shall indemnify the Builder from and against all claims of third parties arising by reason of the use by the Builder of the Specifications and of any document or information supplied to the Builder by the Minister, in connection with the performance of the Work or installation of the machinery or equipment thereof or the provision of MFE and from all costs and expense (including costs and expenses of litigation) incurred by the Builder by reason of any such claim.

20. TAXES AND DUTIES, ETC.

20.1. The Builder shall bear any taxes and duties applicable to materials or equipment supplied by the Builder, its Subcontractors or Suppliers.

20.2. The Minister shall bear any taxes and duties applicable to materials or equipment supplied by the Minister, Minister Subcontractors or Suppliers.

21. COMPLIANCE WITH LAWS

21.1. The Builder shall give all the notices and obtain all the licenses and permits required to perform the Work and shall comply with all laws applicable to the performance of the Work under this Contract.

21.2. The Builder shall ensure that all employees and Subcontractors are in possession of valid permits and/or licenses required to perform the Work and comply with all laws applicable to the performance of the Work under this Contract.

21.3. The Builder shall comply with Nova Scotia *Workers' Compensation Act*. Prior to making any payments under this Contract, the Minister may require the Builder to submit a Workers' Compensation Board (WCB) Clearance Letter indicating that all WCB assessments have been paid.

22. DISPUTE RESOLUTION

22.1. This Contract shall be governed by and construed in accordance with the Law of Nova Scotia and the laws of Canada applicable therein.

22.2. In the event of dispute or disagreement whether the Specifications or the Works comply with the requirements of the Regulatory Bodies, the decision of the relevant Regulatory Body shall be final and binding on the parties.

22.3. In the event of dispute or disagreement whether the Builder's performance of the Work conforms with the requirements of the Specifications (or as applicable, with work to be performed under a Change Order Request), the decision of the Inspector shall be final and binding on the parties.

22.4. In the event of any disagreement or dispute other than one to which Clauses 22.2 or 22.3 apply, the Builder and the Minister agree that they shall make all reasonable efforts to resolve any dispute that arises by amicable negotiation and each shall provide to the other, on a without prejudice basis, timely disclosure of relevant facts, information and documents (except such documentation and information that is subject to legal privilege), as may be required or reasonably requested by the other to facilitate the resolution of a dispute.



- 22.5. Disputes shall initially be referred for resolution to the Minister's Project Manager and the Builder's Construction Manager.
- 22.6. If the dispute is not resolved by the parties referred to in sub-clause 22.5 within seven (7) Days, or such longer period as they may agree to in writing, the dispute shall be referred to the Authorized Representatives of the Minister and the Builder.
- 22.7. In the event the the Authorized Representatives for each party cannot resolve the dispute within seven (7) Days, or such longer period as they may both agree to in writing, the dispute shall be resolved by arbitration at Halifax in accordance with the following provisions:
- 22.7.1. The arbitration shall be before a single arbitrator, to be appointed by agreement between the parties within 14 Days following service of by one party upon the other specifying the nature of the dispute and requiring reference of the dispute to arbitration pursuant to this Clause;
- 22.7.2. In the event that the parties fail to agree within 14 Days on the identity of an arbitrator, the arbitrator with demonstrated commercial marine construction experience shall be appointed, on motion of either party, by a Justice of the Supreme Court of Nova Scotia;
- 22.7.3. The arbitration shall be subject to and shall be governed by the *Commercial Arbitration Act* of Nova Scotia, subject in any specific case to such modifications as to procedure as the parties may in writing agree;
- 22.7.4. The arbitrator shall have power to make any interim award as he or she may think fit;
- 22.7.5. The arbitrator shall have power to order costs of the arbitration to be borne by the parties in such proportions as he or she may think fit; and
- 22.7.6. The award(s) of the arbitrator shall be final and binding on the parties.
- 22.8. The Minister and the Builder acknowledge and confirm that the Representatives referred to in sub-clauses 22.5 and 22.6 shall have the authority to resolve and settle, on their behalf any disputes between the parties, in respect of this Contract.
- 22.9. Notwithstanding any other Clause of this Contract the Builder agrees that it shall at all times continue to perform the Work under this Contract, including without limitation that portion of the Work that is the subject of a dispute between the parties to this Contract, notwithstanding the existence of a dispute or the fact that dispute resolution negotiations are on-going or that the dispute has been referred to the Regulatory Bodies, the Inspector or an arbitrator for decision.

## 23. LIABILITY AND INDEMNIFICATION

- 23.1. The Minister shall not be liable for any injury or damage (including death) to the person or for the loss of damage to the property of the Builder, its Subcontractors,

Suppliers or employees in any manner based upon, occasioned by or in any way attributable to the performance of the Work under this Contract unless such injury, loss, or damage is caused solely and directly by the negligence of an officer or servant of the Minister while acting within the scope of his or her employment.

- 23.2. The Builder shall use due care in carrying out the Work under this Contract. The Builder shall not be liable for an indirect or consequential damages relating to the Work performed under this Contract unless caused by the Builder's negligence.
- 23.3. The Builder agrees that it shall at all times indemnify and save harmless the Province, its Ministers, officers, employees and agents from and against all claims, demands, losses, costs, damages, actions, suits, or other proceedings of any kind based upon: (a) pollution or contamination occurring prior to Delivery (including without limitation the control and/or removal thereof) which originates from Builder's Yard or equipment, the equipment of Builder's Subcontractors or materials under the control of Builder's Subcontractors, including but not limited to fuels, lubricants, motor oils, pipe dope, paints, solvents, garbage or debris; (b) from the storage, transportation and/or disposal of any and all waste generated during the performance of the Work by Builder, its Subcontractors, Supplier or employees and (c) from pollution or contamination arising from the Vessel following Delivery and attributable to any breach by the Builder of its warranty under Clause 17, until the expiration of the Warranty Period provided for in Clause 17.

#### 24. INDEPENDENT CONTRACTOR

- 24.1. It is understood and agreed that the Builder is engaged as an independent contractor and is not nor shall be deemed to be an employee, servant or agent of the Minister.
- 24.2. The Builder warrants that it has a valid and current Quality Assurance Program in effect. The Builder shall be responsible for the Quality Assurance of subcontract work and shall be solely responsible for ensuring that all Work performed by its Subcontractors, Suppliers and employees is in accordance with this Contract and the Specifications and shall be free from all defects.

#### 25. CONFIDENTIALITY and FOIPOP

- 25.1. The Parties acknowledge that disclosure of information pursuant to this Agreement is governed in accordance with the mandatory requirements of the *Freedom of Information and Protection of Privacy Act* (Nova Scotia) or other similar law, provided however, in the event that the Minister is requested to disclose any confidential information, the Minister shall give prompt notice of this fact to the Builder before disclosure is required to be made so that the Builder may seek an appropriate remedy.
- 25.2. The Builder shall keep private, treat as being confidential, and not make public or divulge during as well as after the expiry of this Contract, any information or material to which the Builder, its employees, agents, Subcontractors and Suppliers, become privy as a result of acting under this Contract without having first obtained the Minister's consent in writing. Such information shall be provided

strictly and solely for the purpose of performing the Work.

25.3. The Builder, its agents and employees shall comply with the requirements set out in the Personal Information ('P/I') Protection Schedule attached hereto as Schedule 5.

25.4. The provisions of Clause 25.1, 25.2 and 25.3 shall apply to the Builder's employees, Subcontractors, Suppliers or other persons engaged by the Builder in the performance of the Work.

26. TIME SHALL BE OF THE ESSENCE

26.1. Time shall be of the essence of this Contract, provided that the Contract Delivery Date may be extended in accordance with the terms of this Contract.

27. CONSENT TO BREACH NOT WAIVER

27.1. No term or provision of this Contract shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether expressed or implied, shall not constitute a consent to, a waiver of, or excuse for any different or subsequent or a continuation of the same breach unless expressly stated.

28. PARTIAL INVALIDITY

28.1. If any term or provision of this Contract shall be found to be illegal or unenforceable, notwithstanding, this Contract may, at the Minister's option, remain in full force and effect and such term or provision shall be deemed removed from the Contract.

29. ASSIGNMENT OF CONTRACT

29.1. Except as provided for in this Contract, the Builder shall not be entitled to assign or transfer any of its rights or duties hereunder without the prior written consent of the Minister.

30. WAIVER

30.1. Any waiver by or neglect or forbearance by either party to require or enforce any of the provisions of this Contract at any time given by either party shall not prejudice or affect any right of that party afterwards, with regard to any other failure to comply with the provisions of this Contract whether or not of a similar nature, to act strictly in accordance with the provisions herein contained.

31. NOTICES AND COMMUNICATIONS

31.1. Any Notice to be given hereunder to the Minister shall be given to the Minister's Project Manager:

With copies to the Minister:

and

or such other person, address or electronic address as the Minister may from time to time by Notice in writing communicate to the Builder.

- 31.2. Any Notice to be given hereunder to the Builder shall be given to the Builder's Construction Manager:

or such other person, address or electronic address as the Builder may from time to time by Notice in writing communicate to the Minister.

- 31.3. Any Notice or other document to be given or served hereunder may be delivered by hand or sent by electronic transmission or posted by first-class mail, airmail or prepaid post, addressed to the address or electronic address of the respective party as given in Clause 31.1 and 31.2. Any such Notices or documents sent by post in the manner specified above shall be deemed served seven business days after posting. Where a Notice or document is transmitted by electronic transmission the document shall be deemed served when transmitted by the sending party.

Any Notice which is required or permitted to be given under the terms of this Contract may be sent to:

the Minister at:           Tourism, Culture and Heritage  
William (Bill) Greenlaw, Executive Director  
1747 Summer Street, Halifax, NS B3H 3A6

Project Manager:       MHPM Project Managers Inc.  
Attention: Craig Chisholm  
1559 Brunswick Street, Suite 500  
Halifax, NS B3J 2G1

the Builder at:           Lunenburg Shipyard Alliance  
Attention: Peter J. Kinley  
53 Falkland Street  
P.O. Box 1240, Lunenburg, NS  
B0J 2C0

All such notices shall be deemed to be received by the party to whom they are addressed on the date of delivery or electronic transmission.

## 32. AUTHORITY

- 32.1. The signatories of this Contract warrant that they have the full power and authority to enter into this Contract and that the person signing this Contract on behalf of each has been properly authorized and empowered. Each party further acknowledges that it has read the Contract, understands it, and agrees to be bound by it.

33. CONTRACT DOCUMENTS, ENTIRE CONTRACT AND AMENDMENTS

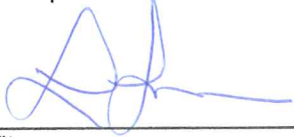
- 33.1. For greater certainty, the Contract Documents shall mean this Contract, the Request For Proposal and the Builder's Proposal, the Specifications and Drawings, the Builder's Shop Drawings, the Schedules and any other documents incorporated by mutual consent of the Parties together with any instruments to be executed and delivered pursuant to this Contract, shall constitute the full understanding of the parties and a complete and exclusive statement of the terms of their Contract. No condition, understanding, or Contract purporting to modify or vary the terms of the Contract shall be binding unless hereafter made in writing and signed by the Builder and the Minister.
- 33.2. It is the express intention of the parties hereto that the Contract Documents shall exclusively govern the allocation of risks and liabilities of said parties, it being acknowledged that the agreement reflected herein has been based upon such express understanding.
- 33.3. For greater certainty, this contract may be amended by the mutual consent of both parties in writing.


34. GOVERNING LAWS

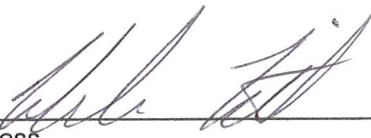
- 34.1 This Contract shall be construed and interpreted in accordance with the laws of the Province of Nova Scotia.

IN WITNESS WHEREOF the parties hereto have caused this Contract to be duly executed the day and year first above written.

SIGNED, SEALED AND DELIVERED  
in the presence of:

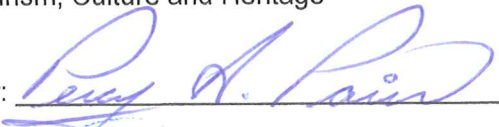
  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Witness


  
\_\_\_\_\_  
Witness

  
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Witness

) HER MAJESTY THE QUEEN, in right of the Province  
) of Nova Scotia, as represented by the Minister of  
) Tourism, Culture and Heritage  
)


Per:   
\_\_\_\_\_

) BUILDER  
)

Per:   
\_\_\_\_\_

) Name: PETER KINLEY  
)

) Title: PRESIDENT  
)

Per:   
\_\_\_\_\_

) Name: JOHN R STEELE  
)

) Title: DIRECTOR  
)

Per:   
\_\_\_\_\_

) Name: WADE CROFT  
)

) Title: DIRECTOR  
)

**Schedule 1**  
**Bluenose II Restoration**  
**Benchmark scope of work**

The following benchmark scope of work is intended to describe a restored vessel, to replace the existing vessel Bluenose II.

The intention is that the restored vessel will to remain faithful to the original shape and look of the Bluenose I and II but the hull will be recreated with high quality materials and methods of construction to allow it to have a life expectancy of 50 years without major structural work assuming proper maintenance.

It is understood that certain elements of the existing vessel are to be removed from the existing vessel and re-used on the restored vessel. These items are set out in the list of Minister Furnished Equipment. Some are to be reinstalled by the successful proponent and some by the Owner as identified below.

It is also understood that the successful proponents responsibility for rigging the restored vessel is limited to stepping the main and fore masts and that the Owner will be responsible for supervising and completing the rigging of the restored vessel using its own materials and forces before it can be operated under sail.

Finally, it is understood and agreed that the benchmark scope of work is not a performance specification and does not include bringing the restored vessel into any Class nor any costs associated with meeting any Classification Rules.

The words "or equivalent" when used in this document mean that the successful proponent expects to meet with representatives of the owner to identify alternatives, review them in terms of suitability, cost and performance and make a decision in a collaborative manner.

Principal Particulars:

Length overall 161'

Length on deck 143'

Breadth 27'

Draft 15'

Sail area approx 11,690 sf

Scope of Work

1. Deconstruction
2. Development of reconstruction site
3. Reconstruction outline specification
4. Launching and re-commissioning
5. General conditions

1. Deconstruction

Move vessel alongside a wharf

Remove and put in appropriate storage for re-use:

- masts, topmasts, booms and gaffs
- standing and running rigging and hardware
- mooring gear including anchors, chains, windlass and davits
- fo'c'sle hatch and hardware
- engine room hatch and hardware
- gangway and gangway steps
- portholes



electronics  
deck hardware including vents, chocks, cleats, belaying pins, fairleads, hawsepipes, fore and main sheet buffers, main fife rail, sheet winch  
safety equipment including life rafts, buoys and rings, whistles, horns, bells, life jackets and personal equipment  
other fittings and hardware that, subject to owner approval, are in good condition and re-usable  
Remove all other hardware and gear and label, cover and transfer to long term government storage as directed by government representative  
Remove deck houses, interior furnishings and bulkheads, plumbing, mechanical, electrical and all other fittings and finishes and transport for appropriate disposal or recycling, Wooden components to be chipped or burned.  
Remove ballast and dispose.  
Haul vessel on marine slip and erect hoarding to prevent public viewing  
Deconstruct deck and hull and dispose off site by chipping or burning  
Retain a structural element for use in reconstruction as directed by owner

## 2. Development of reconstruction site

Level and prepare a site beside the existing LIFE slipways  
Design and build a side transfer system to allow vessel to be moved onto the slipway for launching  
Supply and install a steel frame, fabric covered temporary structure approximately 80' x 180' with sufficient overhead clearance  
Provide appropriate site access, water, power and sanitary services and security  
Make the construction process visible to the owner and members of the public on terms to be agreed. Note: cost of staging or platform for public viewing not included in price.  
Upon or before launch of the Vessel, the Builder will dismantle the temporary shelter and the Minister shall be entitled to, and within a reasonable time thereafter shall, remove the temporary construction shelter and it shall become the absolute property of the Minister free of any claims and encumbrances;  
All other infrastructure erected to support performance of the Works, including without limitation the side transfer system, shall remain in the places in which they have been erected, to be permanent improvements of the lands on which they have been erected and to be and remain the absolute property of the Builder or of the nominee of the Builder.

### 3. Reconstruction benchmark specification

#### 3.1 Hull

Build hull and deck to lines and scantlings provided by LVE and generally as follows:

Keel - traditional keel construction built up of 12" wide angelique

Shoe- 3 " x 12" timber fitted to base of keel and tapered fore and aft as required

Keelson- laminated angelique 12 wide x 21 high

Dead Woods, horn timber and sternpost of solid angelique

Stem, fore foot, apron stanchions and knight heads of solid angelique

Frames- laminated angelique, doubled @ 27"o.c. sided 6" , moulded 8"

Floors - laminated angelique

Exterior Planking- above waterline formed of 3 1/2" thick angelique at the sheer tapering to 3" at the waterline, caulked, filled and faired.

Exterior Planking- Below waterline formed of 3" thick planks Angelique, garboards formed 4" thick Angelique, caulked, filled and faired

Bulwarks - 3 1/2" x 8" douglas fir or angelique, caulked, filled and faired

Rails - white oak or angelique or equivalent similar to existing vessel

Deck beams and carlines- laminated angelique

Deck planking 3" x 6" solid douglas fir caulked, faired and filled

Ceiling, shelf and clamp laminated fir or equivalent to dimensions as per LVE dwgs.

Rudder - Oak or angelique stock, fir or spruce blade, bronze gudgeons and pintles

Fastenings to be hot dipped galvanized steel spikes

Tie rods in way of main deckhouse

Hanging and lodging knees to be galvanized steel

Ballast - concrete 80 tons ( 40 concrete / 40 steel punchings )

Hull topsides to be painted black, four coats

Trim to be painted white, four coats

Bottom to be antifouled, two coats

Cove and scroll work to be painted yellow or gold

### 3.2 Hatches and deck houses

Size and location as shown on LVH drawings

Douglas fir or equivalent

Construction details generally as per existing vessel

Reinstall existing fo'c'sle and engine room hatch and hardware, gangway and steps, portholes

Paint four coats

### 3.3 Accommodations

Layout as per LVE drawings

Watertight bulkheads as shown on LVE drawings, each with one with watertight dogged hatch

Cabin sole framed with douglas fir or equivalent, 3/4 marine plywood with non-slip resilient flooring finish, access hatches as required.

Cabin sole in officers cabins to be 3/4" hardwood, bright finish

Standard of interior fit, finish, hardware, hinges, latches etc is Schooner Papa.

Piping and wiring to be concealed where possible and exposed fastenings to be kept to a minimum.

Bulkheads 3/4" douglas fir ply clad w/ 3/4" thk. pine or spruce tongue and groove, paint finish 3 coats

Interior trim douglas fir, pine or equivalent, paint or natural finish 3 coats

Cabin doors and interior trim/ furnishings douglas fir, pine or equivalent, paint or natural finish 3 coats

Forward Accommodations-8 berths fitted against hull and following vessel's lines with built in lockers

Forward Accommodations fitted with mess table and bench seating to suit space

Hold Accommodations- Starboard side 8 berths with built in lockers / Port side 2 cabins with 2 berths in each fitted with lockers

Galley Accommodations- 1 cabin with 1 berth for cook, built in locker with hinged wooden table fastened to inboard bulkhead.

Aft Accommodations- 2 Single Cabins with berths, built in lockers, desk & sink.

Each berth approx. 6'6" x 2'2" fabricated of wood with inboard sides cut to form lee rails with reading lamps, privacy curtains and fabric covered foam mattresses

Chart room with desktop, dedicated lighting for chart plotting, shelves for navigational aids and books and drawers for chart storage  
Salon/Reception Area w/ table and 8 chairs as well as perimeter settees with padded cushions and seat backs  
Washroom Spaces: 2 forward accommodations, 2 hold accommodations and 1 aft accommodations all include marine toilets, sinks and showers/ aft to have bath tub as well  
Sloped stairways to fwd accommodations hold area, aft accommodations formed of hardwood stringers and steps, non-skid treads attached with stainless steel pipe rails. Some existing to be re-used.  
Vertical ladders from the aft accommodations, engine room, fwd accommodations fabricated of flat bar steel stringers and square bar rungs suitably spaced  
Labels on all equipment  
Signage on all compartments  
Owner responsible for re-installation of pictures, plaques and other small fittings

### 3.4 Galley

Galley equipment as follows or equivalents to suit the general arrangement,

- 1 Toastmaster Electric Heavy Duty Range RH36D4 220 V marine stainless steel galley stove/range combination fitted with rails and racks.
- 1 Toastmaster Electric Heavy Duty Range RH36D3 220 V stainless steel griddle and convection oven
- 1 Victory Refrigerator 2-door large capacity refrigerator stainless steel construction roll in design
- 1 Victory Freezer 2-door large capacity stainless steel construction roll-in design
- 1 Panasonic NE-1064 Microwave oven
- 1 Double stainless steel sink with hot and cold water large enough to wash cooking pots

### 3.5 Gear

Steering gear and wheel

Reinstall existing

Mooring equipment

Reinstall existing including windlass, anchors, chain and davits

Fire fighting equipment:

Reinstall existing engine room CO2 smothering system

Reinstall existing fire extinguishers, fireman's outfit, fire blankets buckets and axes

Safety equipment

Reinstall existing life rafts and other fixed safety gear

Owner to be responsible for installation and stowage of all small and loose safety gear.

Deck hardware

Reinstall existing hardware including chocks, cleats, belaying pins, fairleads, hawsepipes, fore and main sheet buffers, main fife rail, sheet winch

Electronic navigation equipment

Reinstall existing electronics

### 3.6 Rig

New stainless steel chainplates, lower deadeye straps and bowsprit hardware

Balance of rig to be re-used.

Builder to install bowsprit and step lower main and foremasts and set up lower standing rigging. Owner to be responsible for all remaining rigging work

### 3.7 Sails

Existing to be reused. Owner to bend sails on.

### 3.8 Tanks

Fuel Tanks - To be fabricated of 1/4" mild steel plate with (1) inspection cover, (1) manhole cover,

(1) fill inlet, (1) outlet. Includes internal 2" x 2" x 1/4" framing and baffling at 2 ft spacing

2 Fuel service tanks located in engine room - 46.5 cubic ft (290 imp gal) each

- 2 Fuel tanks located in aft accommodation - 51.2 cubic ft (319 imp gal) each
- 2 Fuel tanks located in saloon - 118.1 (736 imp gal) cubic feet each
- 1 Fuel tank located in hold - 50.4 cubic feet (314 imp gal)

Grey Water Tanks-- To be fabricated of 1/4" 304 stainless steel plate with (1) inspection cover, (1) manhole cover, (1) fill inlet, (1) outlet. Includes internal framing and baffling at 2 ft spacing

- 1 Grey water tank located in aft accommodations - 7.2 cubic ft (45 imp gal)
- 1 Grey water tank located in hold - 122.1 cubic ft (761 imp gal)
- 1 Grey water tank located in galley - 115.5 cubic ft (314 imp gal)

Black Water Tank-- To be fabricated of 1/4" 304 stainless steel plate with (1) inspection cover, (1) manhole cover, (1) fill inlet, (1) outlet. Includes internal framing and baffling at 2 ft spacing

- 1 Black water tank located in hold - 67.8 cubic ft (422 imp gal)

Fresh Water Tanks - To be fabricated of 1/4" 304 stainless steel plate with (1) inspection cover, (1) manhole cover, (1) fill inlet, (1) outlet. Includes internal framing and baffling at 2 ft spacing

- 2-Fresh Water Tanks located in Saloon - 78.0 cubic ft each (486 imp gal each)

### 3.9 Propulsion and Generators

- 5 - engine and generator beds
- 2 - 300HP @ 2400 rpm ISUZU UM6HK1 electronic common rail marine engines or equivalent
- 2 - Twin Disc MGX - 5075 SC marine transmissions or equivalent
- 2 - Twin Disc Quickshift electronic gear shift stations or equivalent
- 2 - Remote main engine panels and extension harnesses
- 2 - 50 kw service generator sets with ISUZU 4JJ1T electronic engines

67 HP @ 1800 rpm - CGT Stamford 50 Kw generators and control system or equivalent

1 - 15 kw harbour generator set with ISUZU 3CE1 Diesel Engine

23.4HP @ 1800 rpm - CGT Stamford 15 Kw generator and control system or equivalent

2 - 3" SS propeller shafts (approx 16.5' long)

2 - 3" transmission couplings

2 - 3" x 6' Fibreglass stern tubes

2 - 3" stern bearings with cutlass

2 - 3" Inside stuffing boxes

2 - 3" hull struts fabricated bronze with cutlass

2- 38" x 3 blade Maxprop manganese bronze self feathering propellers or equivalent

3 - Generator control panels

2 - Main engine exhaust systems

3- Generator exhaust systems

### 3.10 Plumbing Systems

#### 1. LUBE OIL TRANSFER SYSTEM

1- Lube oil Transfer pump, Groco SPO-60R, 6 gpm, 12V, Reversible

#### 2. FUEL TRANSFER AND SERVICE SYSTEM

Note:

2- Fuel transfer pumps, Viking HL493, 30 gpm@30psi, Vertically mounted

2 - Fuel transfer pump motors, Viking Standard IP45, 115V, 2hp, 1PH, 60 Hz TEFC

2- Main engine fuel/water separators, Racor 75/500 Max, 60 gph/filter, 10 Micron element

2- Service generator fuel/water separators, Racor

- 1- Harbour generator fuel/water separator, Racor
  - 5- Tank senders - WEMA SSL, 6 tank display
3. GREY & BLACK WATER SYSTEM
- 1- Grey water discharge pump, Goulds 3642, 1" x 1 1/4" - 5", 3 9/16" IMP 48 frame 35gpm@25ft- 5gpm @50ft, 230V, 3500rpm, 1/2 hp, 1 PH, 60Hz TEFC or equivalent
  - 2- Grey water sump pumps, Johnson L2200 submersible pumps, 30 gpm @ 4 ft- 5gpm @ 16ft, 12V, 1=7.5A w/Ultima switch. Note: 1 is for spare
  - 2- Vacuumator, Jets 10 Nt, 100 flushes/hr, 220 V, 1PH, 60Hz, 1.3 Kw
  - 1 Vacuum Accumulating tank, Jets 110L SS
  - 5 Vacuum Toilets, Jets 50 M, 1.2L Flush, Floor mount
  - 1 - Tank sender WEMA SSL Grey water tank 1
  - 1- Tank sender WEMA SSL Grey water tank 2
  - 1 - Tank sender WEMA SSL Black water tank
4. POTABLE WATER SYSTEM
- 2- Fresh water pumps, Goulds jet pump J10S, 16.6 gpm @ 50psi, 115V, 1Hp, 1PH, 60 Hz
  - 1- Fresh water Accumulator, Well mate CPV-20T, Draw Down= 20 gal
  - 1- Hot water heater, Hubbell MSE 120-0- 20 SLT, 120 gal, 20 kw, 240V, 3PH situated aft
  - 1- Hot water heater, Hubbell MSE 120-0- 15 SLT, 120 gal, 15 kw, 240V, 3PH situated for
  - 1 - Fresh Water Maker, Reverse Osmosis, Sea Recovery Corel Sea 4200, 331 Lph @ 10celcius, 208V, 3Ph, 60 HZ
  - 1- Sea Water Feed Pump , Sea Water Recovery Supplied
5. SEA WATER COOLING SYSTEM
- 2- Main engine S.W.strainers, Duplex Groco VD-2000, 2" Bronze w/monel basket
  - 2- Service generator S.W. Strainers, Simplex Groco ARG 1210, 1 1/4" Bronze w/monel basket
  - 1- Harbour generator S.W. Strainer, Simplex ARG-1000, 1" Bronze w/monel basket
6. BILGE AND FIRE FIGHTING SYSTEM
- 1- Bilge Pump



- 1- Fire pump - Ampco RC2 x 2A Self priming centrifugal 100gpm@ 75 ft, 3500 rpm, 3Hp, Ni Al Bronze Model
- 1- Emergency Fire Pump - Reuse existing diesel driven Self priming Centrifugal

### 3.11 Piping Materials and Specifications

All below waterline hull penetrations are to fitted with easily accessible bronze ball type seacocks, Groco or equivalent

#### 1. LUBE OIL TRANSFER SYSTEM

200 Feet 1/2" diameter Pipe- all 316L SS Tubing (1/2" O.D.)

24 Fittings- Compression

22 Connections- Compression

24 Gaskets- Nitrile

5 Valves- SS threaded (5 in total)

1 Hose @ engine- Trident A1 Fuel hose (Max length 1M)

4 Hose Fasteners- SS Heavy duty clamps

#### 2. FUEL TRANSFER & SERVICE SYSTEM

Note: LVE drawing J09056-M05 date 28-01-10 specifies pipe sizes from 1.25" to 1.5" and fuel delivery 3/8" and 1/4" . Final design will be accommodated without price change.

300 Feet 2" diameter Pipe- All ASTM A-106 Gr B - 2" Seamless SCH 40 (Check diameter. LVE thinks this refers to 1/2" fuel supply lines from tanks to engines)

60 Fittings- Socket weld # 3000 ASTM A-105

80 Flanges- Socket weld ASTM A-105

80 Gaskets- Nitrile

5 Flexible Connections- Approved wire reinforced fuel hose (Max length 1M)

8 Valves: BALL VALVES

All steel body, SS trim. ASTM A-216 Full port #3000 Socket weld

8 Valves: QUICK CLOSE GATE VALVES

- 1 1/2" Steel ASTM A-105 Wire Trip, #105 Flanged
- 8 Valves: SPRING LOADED DRAIN
- 1 1/2" Steel ASTM A-105 Wire Trip, #105 Flanged

### 3. GREY AND BLACK WATER SYSTEM

LVE requested 316 SS Schedule 10 with compression fittings. LIFE wishes to discuss reliability of compression fittings in this application.

- 400 Feet 2" diameter Pipe- All 304 Stainless schedule 40
- 80 Fittings- 304 Stainless ASTM A-403
- 60 2" x 1/2" Flanges- Slip on 304 Stainless ASTM A-182
- 60 Gaskets- Garlock Blue Gard 3300 or equivalent

### 4. POTABLE WATER SYSTEM

- Potable Water Fill
- 40 Feet 2" Pipe- NB 304L Stainless Sch 40
- Potable Water Supply
- 300 Feet hose (IWO Pump) Approved Reinforced Water Hose
- 800 Feet tubing- Type K Copper Tubing ASTM B-88
- 300 Fittings- Wrot Copper tubing ASTM B-75
- 24 Valves: BALL & 3 WAY BALL VALVES
- Bronze body, full port, Threaded or soldered end
- 12 Valves: CHECK VALVES
- Bronze body, threaded or soldered ends

6 showers to be fitted with high quality low flow shower heads with a maximum flow rate of 1.5 gpm( Niagara earth or equivalent)

### 5. SEA WATER COOLING SYSTEM

- 100 Feet of 2" diameter Pipe- All ASTM A-53 Gr 8 Sch 40 Galvanized
- 24 Fittings- Butt weld ASTM A-234

24 Flanges- Slip-on ASTM A-105  
48 Gaskets- Neoprene  
20 Flexible Connections- Approved Wire Reinforced Coolant Hose(limit 1m)  
12 Valves: gate valves  
All #125 Non Rising Stem Threaded Ends, Bronze body & Trim  
6. BILGE PUMPING

120 Feet of 2" or 2.5" diameter Pipe- All ASTM A-53 Gr 8 Sch 40 Galvanized  
24 Fittings- Butt weld ASTM A-234  
24 Flanges- Slip-on ASTM A-105  
24 Gaskets- Neoprene  
6 Valves: BALL VALVES  
All Steel Body S.S. Trim, ASTM A-216 Full Port #300 Flanged  
6 Valves: SDNR & ANGLE SDNR VALVES  
All #150 Steel Body, Bronze Trim, Flanged, R.S. OS&Y  
7. FIRE FIGHTING

200 Feet of 2" diameter Pipe- All ASTM A-53 Gr 8 Sch 40 Galvanized  
24 Fittings- Butt weld ASTM A-234  
24 Flanges- Slip-on ASTM A-105  
Gaskets- Neoprene  
6 Valves: BALL VALVES  
Bronze Flanged #150  
2 Valves: ANGLED HYDRANT VALVE  
Bronze flanged #150

8. DRY EXHAUST
  - 120 Feet 4" diameter Pipe- All 304L stainless Steel Sch 40
  - 24 Fittings- Butt weld ASTM A-403
  - 24 Flanges- 1/2" Thick Stainless Steel Plate Flange cut to suit ANSI Dims.
  - 24 Gaskets- Graphite
  - 5 Insulation- 1 1/2" (M.E. & Service Gen.) 1" thick ( Harbour Gen) Marine Grade w/ red pad cloth or equivalent oil repelling jacketing
9. WET EXHAUST AND STANDPIPE SECTIONS
  - 120 Feet 4" diameter Pipe- All 304L stainless Steel Sch 40
  - 24 Fittings- Butt weld ASTM A-403
  - 24 Flanges- 3/4" thick Stainless Steel Plate Flange cut to suit ANSI Dims.
  - 24 Gaskets- High Temp. Suitable for wet exhaust
10. SEA WATER DISCHARGE
  - 60 Feet of 2" diameter Pipe- All ASTM A-53 Gr 8 Sch 40 Galvanized
  - 12 Fittings- Butt weld ASTM A-234
  - 6 Connections- Union #300 socket weld
  - 6 Gaskets- Garlock Blue Gard or equivalent
  - Flexible Connections- Approved Wire Reinforced Coolant Hose( limit 1M)
11. GREY WATER TANKS, DISCHARGE AND VENTS
  - No price change for 304 stainless alternative
  - 80 Feet 2" diameter Pipe- All 304 Stainless schedule 40
  - 12 Fittings- 304 Stainless ASTM A-403
  - 12 2" x 1/2" Flanges- Slip on 304 Stainless ASTM A-182
  - 12 Gaskets- Garlock Blue Gard 3300 or equivalent
12. FRESH WATER TANKS FILL AND VENT
  - 80 Feet 2" diameter Pipe- All 304 Stainless schedule 40

- 12 Fittings- 304 Stainless ASTM A-403
  - 12 2" x 1/2" Flanges- Slip on 304 Stainless ASTM A-182
  - 12 Gaskets- Garlock Blue Gard 3300 or equivalent
13. FUEL TANKS FILL AND VENT
- 120 Feet of 2" Pipe- All steel ASTM A-106 Sch 40
  - 24 Fittings- Butt weld ASTM A- 234
  - 24 2" x 1/2" Flanges- 3150 Slip-on ASTM A-105
  - 24 Gaskets- Nitrile

3.12. Ventilation System

1. SUPPLY FANS:

- 1- Aft Accommodation Supply Fan AXC200A-Variable speed, 235 cfm@3/4" S.P., 2550 rpm, 120V, 0.72A
- 1- Hold Area Supply Fan AXC 200A- Variable speed, 235 cfm@3/4" S.P., 2550 rpm, 120V, 0.72A
- 1- Engine Room Supply Fan AXC-300A variable speed 533cfm @ 3/4" S.P. 2650rpm, 2.07 amp or equivalent
- 1- Saloon and Forward Accommodation Supply Fan AXC 200A- Variable speed, 235 cfm@ 3/4"S.P. 2650 rpm, 120V, 0.72A
- 1- Galley and Forward Accommodations Supply Fan AXC 300A - Variable speed, 553 cfm@ 3/4" S.P. 2700 rpm, 120V, 2.07A

2. EXHAUST FANS:

- 1- Aft w/c Exhaust Fan TBF90- 2 speed, 50/80 cfm, 750 rpm, 120V, 0.2 A
- 1- Hold Area Common w/c Exhaust Fan, 42cfm
- 2- Forward w/c Exhaust Fans TBF 90- 2 speed, 50/80 cfm, 750 RPM 120V, 0.2 A
- 1- Forward Accommodation and Saloon Exhaust Fan AXC 150A, 132 cfm@ 3/4" S.P., 2500 rpm, 120V, 0.75 A
- 1-Hold Area Exhaust Fan AXC 100A 68 cfm @ 3/4" S.P., 1750 rpm, 120 V, 0.57 A or equivalent
- 1- Aft Accommodation Exhaust Fan AXC 100A, 68 cfm @ 3/4" S.P. 1750 rpm, 120 V, 0.57A

all AXC fans -speed control

3. VENTS AND DUCTING

- 300 Feet Ducting- spiral or rectangular, all galvanized.
- 16 Vent heads- galvanized steel ASTM A-53 Sch40
- 16 Exhaust ventheads located along bulwarks to be fitted with inverted ball check type ventheads/ with permanently means of closure
- Reuse existing deck vents where possible
- No provision made for vessel heating system

### 3.13 Electrical System

#### 1. Main panel

- 1 only, 24vdc Main Distribution and Charging Panel (DC-1) complete with:
  - Steel enclosure with engraved lamacoid faceplate.
  - 2, alternator charge ammeters/shunts
  - 1, paralleling solenoid.
  - 2, battery bank charging outputs.
  - 12, load breakers.
  - All necessary battery isolators.
  - All necessary fusing.
  - All breakers pre-wired to terminal blocks.

#### 2. Service battery disconnect

- 1 only, "Service Battery" Disconnect Panel (SBD) complete with:
  - Steel enclosure with engraved lamacoid faceplate.
  - 1, protection breaker.

#### 3. Emergency battery disconnect

- 1 only, "Emergency Battery" Disconnect Panel (EBD) complete with:

Steel enclosure with engraved lamacoid faceplate.  
2, protection breakers.

4. Nav aids and general service panel

1 only 24vdc Navigation Aids and General Service Panel (DC-2)

Stainless steel enclosure.

Engraved lamacoid over aluminum faceplate.

Lexan protective cover.

1, voltmeter and ammeter.

24, 15-30amp load breakers.

All breakers pre-wired to terminal blocks.

5. Emergency power panel

1 only, 24vdc Emergency Power Panel (DC-3) complete with:

Stainless steel enclosure.

Engraved lamacoid over aluminum faceplate.

Lexan protective cover.

1 voltmeters and ammeter.

20, 15amp load breakers.

1, emergency lighting contactor control relay and test circuit.

All breakers and controls pre-wired to terminal blocks.

6. Nav lights panel

1 only, 24vdc Navigation Lighting Control Panel (DC-4) complete with:

Stainless steel enclosure.

Engraved lamacoid over aluminum faceplate.

Lexan protective cover.

7, monitored, dual lamp circuits.

Visual and audible lamp failure indication.

All circuits pre-wired to terminal blocks.

#### 7. Engineers console panel

1 only, Engineers Console Panel (ECP-1), complete with:

Engraved lamacoid over aluminum face plate.

Lexan protective cover.

Pre-wired terminal block plate with 3' cable lead.

1, dc voltmeter and ammeter for service battery,

1, propulsion engine "emergency start" battery paralleling button.

3, Clutch Control Switches with Protective Guards and Indicator Lamps

6, 24vdc Electric Bilge Pump, Man-off-Auto Switches including "Power on" and "Pump running" indication Lamps

1, dimmer control for dash lights.

1, "engine room ventilation and flammable liquids" emergency stop button.

1, main switchboard remote monitoring section complete with:

2, voltmeters.

2, frequency meters.



8. Fire alarm system

1 only, Fire Alarm System complete with:

1, Addressable main detection panel

1, remote annunciator panel

1, battery back-up

2, w/p Sirens

2, w/p Strobe lights

4, strobe/horn modules

12, smoke detectors

3, heat detectors (rate of rise)

Lamp Test Circuit

Pre-wired Terminal Blocks

9. Alarm and monitoring system

1 only, Alarm and Monitoring System complete with:

1, 10 point alarm panel (AM-1)

Engraved lamacoid over aluminum faceplate

LCD display

Terminal junction box

Internal audible alarm

1, Red flashing fault light

1, External w/p Strobe light

1, Engine room horn

1, Engine room strobe light

10. Main switchboard

- 1 only - 120/208vac, 3 phase, 60hz, "Non-Paralleling" Main Switchboard complete with:
  - NEMA 12 steel enclosure, including hinged compartment doors with positioners.
  - Engraved lamacoid faceplates and equipment tags
  - Wooden hand rails
- 2, (90.0 Kva max), 3 phase main diesel generator protection and control sections, each including:
  - Voltmeter and selector switch.
  - Ammeter and selector switch.
  - Frequency meter.
  - Kilowatt meter.
  - "Generator Available" indication lamp.
  - "Breaker Open" indication lamp.
  - "Breaker Close" indication lamp.
  - Generator heater MANUAL-OFF-AUTO switch.
  - Generator heater "On" indication lamp.
  - Solid-state, protected circuit breaker.
- 1, (50.0 Kva max), 3 phase "harbour" diesel generator protection and control section, including:
  - Voltmeter and selector switch.
  - Ammeter and selector switch.
  - Frequency meter.
  - Kilowatt meter.
  - "Generator Available" indication lamp.
  - "Breaker Open" indication lamp.
  - "Breaker Close" indication lamp.
  - Generator heater MANUAL-OFF-AUTO switch.

- Generator heater "On" indication lamp.
  - Solid-state, protected circuit breaker.
  - 1, 100amp, 120/208vac 3 phase, 60Hz shore power protection and control section, including:
    - Voltmeter and selector switch.
    - Ammeter and selector switch.
    - 1, "Shore Power Available" indication lamp.
    - 2, phase change-over contactors
    - 1, Power control section including:
      - 7 position source select switch: (Gen 1-Off-Gen 2-Off-Gen 3-off-Shore).
      - 1, 120/240vac, 1 phase load section including:
        - Ground fault ammeter and test switch.
        - Ground fault alarm relay-out put to (AM-1)
        - Tinned copper buss.
        - 4, 100 amp frame, 4 pole, load breakers.
        - 12, 100 amp frame, 3 pole load breakers.
        - 10, 100 amp frame, 2 pole load breakers.
11. Forward accommodations panel
  - 1 only - 120/208vac, 3 phase, Forward Accommodations Panel (AC-1), complete with:
    - Stainless Steel enclosure.
    - Engraved lamacoid over aluminum faceplate.
    - Lexan Protective Cover.
    - Tinned Copper Bus.
    - 20, 2 pole, 15-40 amp load breakers.

12. Galley panel

- 1 only - 120/208vac, 3 phase, Galley Panel (AC-2), complete with:
  - Stainless Steel enclosure.
  - Engraved lamacoid over aluminum faceplate.
  - Lexan Protective Cover.
  - Tinned Copper Bus.
- 4, 3 pole, 30-50 amp load breakers.
- 14, 2 pole, 15-40 amp load breakers.

13. Aft accommodations panel

- 1 only - 120/208vac, 3 phase, Aft Accommodations Panel (AC-3), complete with:
  - Stainless Steel enclosure.
  - Engraved lamacoid over aluminum faceplate.
  - Lexan Protective Cover.
  - Tinned Copper Bus.
- 20, 2 pole, 15-40 amp load breakers.

14. Engine room panel

- 1 only - 120/208vac, 3 phase, Engine Room Panel (AC-4), complete with:
  - Steel enclosure with engraved lamacoid faceplate.
  - Tinned Copper Bus.
- 20, 2 pole, 15-40 amp load breakers.

15. Shore power

- 1 only, 208vac, 100 amp, Shore Power Inlet Panel complete with:

Polycarbonate enclosure with engraved lamacoid faceplate.

1, 2 pole 100amp protection breaker.

1 power available indication lamp.

1, 100amp inlet with w/p cover.

Interconnect terminals to main switchboard.

All necessary fusing.

16. Motor starters

4 only, pump motor starters (Fire, Bilge, Wash-down & Fuel Transfer), each complete with:

Steel enclosure with engraved lamacoid faceplate.

Lockable disconnect switch.

Control fusing.

Local stop/start station in cover.

"Motor Running" indication.

Motor starter and overload protection devices.

Pre-wired terminal blocks.

17. 2 only, remote stop/start station complete with polycarbonate enclosure

18. Motor protection

2 only, manual motor protectors each complete with:

Adjustable overload device.

Molded plastic enclosure.

Lockable disconnect switch.

19. 2 only, 24-12vdc, 30 amp voltage converters.
20. 1 only, 24vdc, 95 amp electronic, 3 stage electronic battery charger.
21. 2 only, 24vdc, 40 amp electronic, 3 stage electronic battery chargers.
22. 1 only, 12vdc, 25 amp electronic, 3 stage electronic battery charger.
23. 1, 50 kva, 208-120/208vac, 3 phase shore power isolation transformer complete with isolated core.
24. Shore power connection
  - 1 only, 208vac, 100 amp, 3 phase, 60 Hz shore power cable complete with:
  - 1, 100 amp, female "sleeve type" cord connector.
  - 1, 100 amp, male "pin type" cord connector.
  - 15m, 4 conductor #2 SOW cable.
25. 4 only, battery disconnect switches, 450amp continuous and 1200amp intermittent rated.
26. 2 only, 12vdc, 30amp (Lighter Type) Receptacles.
27. Lighting Package
  - 1 only, ColorLight Model CL02-11 24vdc Searchlight.
  - 4 only, 120vac, 500 watt, Stainless Steel, Quartz Halogen Floodlights.
  - 2 only, 24vdc, 55 watt Polycarbonate Emergency Floodlights.
  - 8 only, Light Partner, TL45, 4ft, 2 tube, polycarbonate, W/T fluorescent light fixture.

- 38 only, Imtra, Resolux 551, 24vdc, LED, Fibreglass, W/T, Lights.
  - 2 only, Imtra, Portland, 24vdc, LED, Red/White Lights.
  - 4 only, Imtra, Resolux 805, 24vdc, LED, Linear Lights.
  - 8 only, Imtra, Resolux 852, 24vdc, LED, Linear Rotating Lights.
  - 25 only, Imtra, Hobart, 24vdc, LED, Berth Reading Lights.
  - 46 only, Imtra, Marstrand, 24vdc, LED, Ceiling Lights C/W Mounting Ring.
  - 1 only, Imtra, Touchled, 24vdc, LED, Red/White Chart Light.
  - 2 only, Peters + Bey, 24vdc, LED, Mast Head Navigation Lights.
  - 2 only, Peters + Bey, 24vdc, LED, Stern Navigation Lights.
  - 2 only, Peters + Bey, 24vdc, LED, Port Navigation Lights.
  - 2 only, Peters + Bey, 24vdc, LED, STBD Navigation Lights.
  - 4 only, Peters + Bey, 24vdc, LED, All Red Navigation Lights.
  - 2 only, Peters + Bey, 24vdc, LED, All White Navigation Lights.
28. Cable, wire, connectors, receptacles and related small parts required to complete the distribution system
4. Launching and commissioning  
 Launch vessel and move alongside WDC wharf  
 Protect all surfaces from weather and wear as required to protect finishes until handover to owner  
 Step main and fore masts, install bowsprit and connect lower standing rigging  
 Conduct static and dynamic tests of all mechanical and electrical systems  
 Cooperate with the owner as it steps topmasts and completes rigging and bending on of sails  
 Coordinate inspections by owner and regulatory bodies  
 Fill fuel tanks and provide lube oil  
 Conduct sea trials

Provide shop drawings and operating manuals for all equipment

Correct deficiencies

Respond to warranty claims and do necessary work within the one year warranty period

#### 5. General conditions

Supply the following for smooth functioning of the deconstruction and reconstruction process:

safety program and equipment

security fencing as required

snow removal

waste removal

power, water, lighting, sanitation

temporary heat

hoisting and lifting and materials management

builder's risk and P&I insurance for the benefit of the owner and the builder



**SCHEDULE 2  
BLUENOSE II RESTORATION  
BUILDER'S FINANCIAL GUARANTEE**

**THIS INSTRUMENT** made this        day of June, 2010.

**BETWEEN:**

**LUNENBURG SHIPYARD ALLIANCE LIMITED** (hereinafter the "Builder")

- and -

**LUNENBURG FOUNDRY AND ENGINEERING LIMITED** ("LFEL"),  
**LUNENBURG COUNTY SHIPWRIGHTS INC.** ("LCSI") and **SNYDER'S  
SHIPYARD LIMITED** ("SSL") (hereinafter individually or collectively the  
"Guarantors")

- and -

**HER MAJESTY THE QUEEN** in right the Province of Nova Scotia, as  
represented by the Minister of Tourism, Culture and Heritage (hereinafter the  
"Minister")

**WHEREAS:**

1. The Minister is entering into a Contract regarding work to be done on a vessel known as the "Bluenose II", and pursuant to that Contract the Builder owes Obligations to the Minister;
2. It is a condition precedent to the Minister's execution of the Contract that the Guarantors execute this Instrument in favour of the Minister, and the Guarantors have agreed to do so;
3. The Guarantors have agreed to provide to the Minister joint and severable and irrevocable guarantee of the performance by the Builder of the Obligations;

**WITNESSETH** that in consideration of the premises and of the covenants and agreements herein contained, the sum of \$1.00 now paid by the Minister to the Guarantors and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as herein set out.

1. In this Instrument:
  - (a) "Builder" means Lunenburg Shipyard Alliance Limited and its heirs, executors, administrators, successors, and permitted assigns;
  - (b) "Contract" means a certain shipbuilding contract made the 2<sup>nd</sup> day of July, 2010 between the Builder and the Minister;
  - (c) "Guarantors" means, individually or collectively, any one of LFEL, LCSI and SSL, jointly and severally;

- (d) "Instrument" means this Builder's Financial Guarantee;
  - (e) "Obligations" means each and every responsibility, duty, liability and obligation of the Builder to the Minister pursuant to the Contract.
2. The Guarantors agree they, and each of them, are jointly and severably held and firmly bound unto the Minister, and his successors, heirs, executors, administrators, successors, or assigns, for performance of the Obligations;
  3. It is a condition of this Instrument that if the Builder shall at all times well and fully perform and observe all of the covenants, agreements terms and conditions of the Contract and in such event this Obligation shall be void, but otherwise it shall remain in full force and effect.
  4. Whenever the Builder shall be, and declared by the Minister to be, in default under the Contract, the Guarantors shall:
    - (a) if the work is not taken out of the Builder's hands, remedy the default of the Builder;
    - (b) if the work is taken out of the Builder's hands and the Minister directs the Guarantors to undertake the completion of the work, complete the work in accordance with the Contract provided that if a contract is entered into for the completion of the work;
      - (i) it shall be between the Guarantors and the completing Contractor; and
      - (ii) the selection of the completing Contractor shall be subject to the approval of the Minister;
    - (c) if the work is taken out of the Builder's hands and the Minister, after reasonable notice to the Guarantors, does not direct the Guarantors to undertake the completion of the work, the Guarantor's agree to assume the financial responsibility for the cost of completion in excess of the moneys available to the Minister under the Contract;
    - (d) be liable for and pay all the excess costs of completion for the Contract; and  
  
not be entitled to any Contract moneys earned by the Builder up to the date of his default on the Contract and any holdbacks relating to the earned Contract moneys held by the Minister, and the liability of the Guarantors under this Instrument shall remain unchanged provided, however, and without restricting the generality of the foregoing, upon the completion of the Contract to the satisfaction of the Minister, any Contract moneys earned by the Builder or holdbacks related thereto held by the Minister may be paid to the Guarantors by Minister.


5. The parties agree that the Minister may grant to the Builder, in the Minister's sole discretion, time, extensions, indulgences and/or waivers of breaches of or in respect of any of the Obligations, and may deal with the Builder in such manner as the Minister shall see fit from time to time, the whole without in any way releasing, lessening or otherwise affecting the liability of the Guarantors under this Instrument.
6. The parties agree that the Minister shall not be bound to exhaust recourse against the Builder pursuant to the Contract before being entitled to enforce the Minister's rights hereunder, PROVIDED HOWEVER that the Minister shall not take steps to enforce rights hereunder unless the Builder has failed on demand to perform the Obligation which the Minister requires the Guarantors to perform, or, in the reasonable opinion of the Minister, there is risk that the Builder will refuse or will be unable to perform that Obligation upon demand.
7. No Guarantors shall be entitled to claim, as against the Minister, any set-off or counterclaim which may exist as between that Guarantors and the Builder.
8. Upon, but not before, performance by the Builder of all of the Obligations, the Minister shall, on request therefore by the Guarantors or any of them, release and discharge this instrument at the expense of the Guarantors.
9. In the event that the Minister intends to require performance by any Guarantors of any of the Obligations, the following shall govern:
  - (a) The Minister shall serve written notice on each of the Guarantors of the Obligation of which the Minister demands performance, and by which Guarantors or combination of the Guarantors are then obligated to perform on the following date set forth in 9(c);
  - (b) The Guarantors shall have ten (10) business days in which to procure or arrange performance of that Obligation by the Builder, during which time the Minister shall take no further action pursuant to this Instrument; and
  - (c) If upon expiry of the ten (10) business days period the Obligation has not been performed to the satisfaction of the Minister, acting reasonably, the Guarantor or Guarantors identified in the Notice shall perform the Obligation stipulated in the Notice.
10. This Instrument shall be governed by the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein.
11. In the event of any disagreement or dispute arising under this Instrument, the Guarantors and the Minister agree that they shall make all reasonable efforts to resolve any dispute that arises by amicable negotiation and each shall provide to the other, on a without prejudice basis, timely disclosure of relevant facts, information and documents (except such documentation and information that is subject to legal privilege), as may be required or reasonably requested by the other to facilitate the resolution of a dispute.
12. The Guarantors hereby waive notice of acceptance of this Instrument.

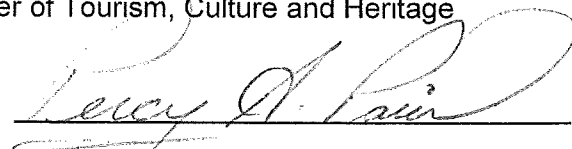
13. The Instrument shall enure to the benefit of and be binding upon each of the parties hereto, and each of their respective successors and assigns.
14. No failure on the part of the Minister to exercise, and no delay in exercising, any right under this Instrument shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude the further exercise thereof or the exercise of other rights.
15. All notices under this Agreement shall be deemed duly given; upon delivery, if delivered by courier or facsimile transmission on the date of delivery, to a party hereto at the address set forth herein or to such other address as designated by a party by notice pursuant hereto.

To Minister:	Address:	<u>1747 Summer Street</u> <u>Halifax, NS B3H 3A6</u>
	Fax:	<u></u>
	ATTENTION:	<u>Mr. William Greenlaw, Executive Director</u>
To Builder:	Address:	<u>53 Falkland Street</u> <u>Lunenburg, NS B0J 2C0</u>
	Fax:	<u>902-634-8886</u>
	ATTENTION:	<u>Peter J. Kinley</u>
To LFEL:	Address:	<u>53 Falkland Street</u> <u>Lunenburg, NS B0J 2C0</u>
	Fax:	<u>902-634-8886</u>
	ATTENTION:	<u>Peter J. Kinley</u>
To LCSl:	Address:	<u>107 Montague Street</u> <u>Lunenburg, NS B0J 2C0</u>
	Fax:	<u>902-482-4238</u>
	ATTENTION:	<u>Mr. Al Hutchinson</u>
To SSL:	Address :	<u>13617 Highway 3</u> <u>Dayspring, NS B4V 5P2</u>
	Fax:	<u>902-543-1951</u>
	ATTENTION:	<u>Mr. Philip Snyder</u>

**IN WITNESS WHEREOF** the Parties have executed this Instrument the day and year first above written.

**SIGNED, SEALED AND DELIVERED**  
in the presence of:


  
 \_\_\_\_\_  
 Witness

) **HER MAJESTY THE QUEEN** in right the  
 ) Province of Nova Scotia, as represented by the  
 ) Minister of Tourism, Culture and Heritage  
 )  
 ) Per:   
 )  
 ) \_\_\_\_\_  
 )  
 )

  
\_\_\_\_\_  
Witness

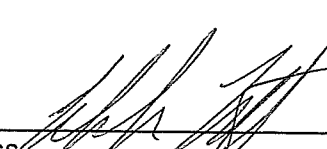
) LUNENBURG SHIPYARD ALLIANCE LIMITED  
)

) Per:   
\_\_\_\_\_

  
\_\_\_\_\_  
Witness

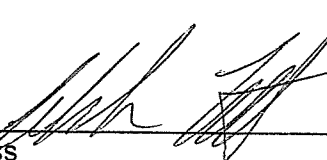
) LUNENBURG FOUNDRY AND ENGINEERING  
)

) Per:   
\_\_\_\_\_

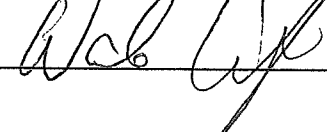
  
\_\_\_\_\_  
Witness

) LUNENBURG COUNTY SHIPWRIGHTS INC.  
)

) Per:   
\_\_\_\_\_

  
\_\_\_\_\_  
Witness

) SNYDER'S SHIPYARD LIMITED  
)

) Per:   
\_\_\_\_\_

Schedule 3  
Bluenose II Restoration  
Insurance Coverages

Subject always to the actual policy wording and conditions, coverage is summarized as follows:

PROVISIONAL PERIOD

June 24, 2010 to June 24, 2012 but this insurance to terminate upon delivery to Owners if prior to expiry of Provisional Period.

INSURED VALUE

Whereas the value stated herein is provisional, it is agreed that the final contract price, or the total building cost whichever is the greater, of the subject-matter of this insurance shall be the insured value (provisional value \$15,000,000). Premium is adjustable at end of contract, 0.315% on final value plus 0.0315% per month. Deposit premium of \$160,650.00.

The subject matter is covered whilst at Builders' Yard and at Builders' premises elsewhere within the port or place of construction at which the Builders' Yard is situated and whilst in transit between such locations.

DEDUCTIBLE

\$50,000 each separate accident or occurrence

PERILS

This insurance is against all risks of loss of or damage to the subject-matter insured caused and discovered during the period of this insurance. In no case shall this insurance cover the cost of renewing faulty welds.

FAULTY DESIGN

This insurance includes loss of or damage to the subject-matter insured caused and discovered during the period of this insurance arising from faulty design of any part or parts thereof but in no case shall this insurance extend to cover the cost or expense of repairing, modifying, replacing or renewing such part or parts, nor any cost or expense incurred by reason of betterment or alteration in design.

COLLISION LIABILITY

The Underwriters agree to indemnify the Assured for any sum or sums paid by the Assured to any other person or persons by reason of the Assured becoming legally liable by way of damages where such payment by the Assured is in consequence of the vessel hereby insured coming into collision with any other vessel.

## PROTECTION AND INDEMNITY

The Underwriters agree to indemnify the Assured for any sum or sums paid by the Assured to any other person or persons by reason of the Assured becoming legally liable, as Owner of the vessel, for any claim, demand, damages and/or expenses.

## LIMIT OF LIABILITY

The limit of liability under P&I and Collision is \$15,000,000.

## STRIKES

Damage, liability or expense caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions any terrorist or any person acting from a political motive.

## MALICIOUS ACTS

Damage, liability or expense from the detonation of an explosive any weapon of war and caused by any person, acting maliciously or from a political motive.

## WAR EXCLUSION

## NUCLEAR EXCLUSION

## NAVIGATION

With leave to proceed to and from any wet or dry docks, harbours, ways, cradles and pontoons within the port or place of construction and to proceed under own power, loaded or in ballast, as often as required, for fitting out, docking, trials or delivery, within a distance by water of 250 nautical miles of the port or place of construction, or held covered at a premium to be arranged in the event of such distance being exceeded. Any movement of the vessel in tow outside the port or place of construction held covered at a premium to be arranged, provided previous notice be given to the Underwriters

## NAMED INSUREDS

Her Majesty the Queen in right of the Province of Nova Scotia as represented by the Minister of  
Tourism, Culture and Heritage  
Lunenburg Shipyard Alliance Limited  
Lunenburg County Shipwrights Inc.  
Snyders Shipyard Limited  
Lunenburg Foundry and Engineering Limited

**Schedule 4**  
**Bluenose II Restoration**  
**List of Minister Furnished Equipment (MFE)**

**SPARS**

Bow Sprit  
Jumbo Boom  
Foremast  
Fore Topmast  
Fore Boom  
Fore Gaff  
Mainmast  
Main Topmast  
Main Boom  
Main Gaff

**SAILS**

Jib Topsail  
Jib  
Jumbo  
Fore Sail  
Fore Gaff-Topsail  
Fisherman's Staysail  
Main Sail  
Main Gaff-Topsail

**SHROUDS & STAYS**

Bob Stay, upper  
Bob Stay, lower  
Shrouds  
Jib Topsail Stay  
Jib Stay  
Fore Stay  
Jumper Stay  
Fore Topmast Counter Stay  
Main Topmast Stay  
Foremast Shrouds  
Fore Topmast Shrouds  
Fore Outrigger  
Fore Running Backstays  
Mainmast Shrouds  
Main Topmast Shrouds  
Main Outrigger  
Main Running Backstays

**BLOCKS - MAINSAIL**

Main Throat, 3 double, 1 single  
Main Peak, 1 double, 2 single  
Main Gaff, 3 single  
Main Sheet, 1 triple, 1 double  
Main Sheet Leader, 1  
Main Boom Tackle, 1D, 1S  
Quarter Tackle, 2D, 2S  
Main Boom & Lift, 1D, 1S  
Gaff Topsail Halyard, 2S  
Gaff Topsail Sheet, 2S  
Gaff Topsail Clewline, 2S  
Slinglift, 2D, 2S  
Backstay, 2D, 2S  
Main Peak Purchase, 1D, 1S  
Main Throat Purchase, 1D, 1S  
Main Staysail Halyard, 1D, 2S  
Main Peak Downhaul, 1S

**BLOCKS - FORESAIL**

Fore Throat, 1 triple, 1 double  
Fore Peak, 1 double, 1 single  
Fore Gaff, 2 singles  
Fore Sheet, 2 doubles  
Fore Sheet Leader, 1 single  
Fore Boom Tackle, 1D, 1S  
Fore Topsail Halyard, 2S  
Fore Topsail Clewline, 1S  
Fore Staysail Halyard, 1S  
Fore Peak Purchase, 1D, 1S  
Fore Throat Purchase, 1D, 1S  
Fore Boom Lift, 2 singles  
Leading Block for Throat, 2S  
Fore Boom End Lift Pennant  
Main Boom For'd Lifts  
Main Boom Aft Lifts  
Main Boom End Lift  
Gaff Bridles



**JIB, JUMBO & JIB TOPSAIL**

Jumbo Halyard, 3 single  
Jumbo Sheet, 1 double, 1S  
Jumbo Lift, 3 singles  
Jumbo Purchase, 2 singles  
Jib Halyard, 3 singles  
Jib Purchase, 2 singles  
Jib Sheets, 2 singles  
Jib Topsail Halyards, 2 singles  
Jib & Jumbo Downhaul, 2S

**MISCELLANEOUS RIGGING**

Dead Eyes, 32 x 7"  
Dead Eyes, 8 x 5.5"  
Mast Hoops, 36 x 24"  
Mast Hoops, 24 x 13"  
Jib Hanks, 36  
Patent Snap Hooks, 24  
Belaying Pins, 20  
Brass Fairleads, 2  
Bullseyes, 2  
Fairleaders for rigging, 2  
Fairleaders for Jibs, 2  
Topmast Balls & Trucks, 2  
Snatch Blocks, 4

**BELOW DECKS**

Pictures & Plaques  
Flat screen TV  
Ice maker  
Hand tools, all  
Safe  
Safety & FFA appliances  
Radars  
Radios  
Navigational electronics  
Batteries, all

**MAIN DECK**

Anchors & chain  
Anchor davits & parts  
Windlass  
All lines, hawsers & fenders  
Fo'c'sle hatch & hardware  
Gangways and steps  
Deck vents  
Engine room hatch & hardware  
Mainmast fife rail  
Fore boom buffer  
Liferafts, cradles & straps  
Steering Gear & hardware  
Main boom buffer  
Port holes  
Ship's wheel  
Flag pole  
Hawsepipes, chocks, cleats

**Schedule 5**  
**Bluenose II Restoration**  
**Personal Information International Disclosure Protection Act**

The Supplier acknowledges and confirms that it is a "service provider" as defined in the *Personal Information International Disclosure Protection Act*, SNS 2006 c. 3 ("PIIDPA"), that it has read and understands its obligations as a service provider thereunder and that as a service provider it is legally bound by the obligations imposed on it by PIIDPA. It is a condition precedent to the Minister entering into the Agreement with the Supplier that the Supplier irrevocably undertakes, covenants and agrees to be bound by and comply with the obligations imposed on it as a service provider under PIIDPA.

The Supplier further covenants, warrants and represents to the Minister that it will not at any time provide or allow the release of personal information to which it has access in its capacity as a service provider to the Minister in response to any "foreign demand for disclosure" or permit or allow the "unauthorized disclosure of personal information" as each of those terms are defined in PIIDPA.

The Supplier shall implement and strictly enforce security arrangements that will ensure that all personal information that it collects or uses on behalf of the Minister is protected at all times from unauthorized access or disclosure and shall confirm in writing to the Minister, upon request, the details of such security arrangements. The Supplier also agrees to implement and enforce any additional security procedures as may be required by the Minister from time to time to protect the personal information that the Supplier collects or uses on behalf of the Minister. The Minister shall be authorized, upon giving prior written notice to the Supplier, to enter the premises of the Supplier during normal business hours for the purpose of conducting an audit of the security arrangements referenced herein.

All personal information that the Supplier obtains or becomes aware of while providing services to the Minister is not and shall not be or be deemed to be the property of the Supplier. The Supplier acknowledges and agrees that it will not, either directly or indirectly, acquire any rights to use or own any such personal information other than the right to use it for the sole purpose of fulfilling its obligations to the Minister under the Agreement.

The Supplier expressly confirms that the laws of the Province of Nova Scotia shall apply to its obligations as a service provider to the Minister, notwithstanding the laws or the order of any court outside Canada.

**Schedule 6  
Bluenose II Restoration  
Change Order Request**

---

**Tender #:**

**Project**                      **Bluenose 2 Restoration**

**COR #**                        **001**

**To:**                            **Province of Nova Scotia  
c/o MHPM Project Managers**

**Description of Proposed Change**

**Price Quote:**

**Schedule Impact:**

**Notes / List of Attachments**

**Builder:**

Per: \_\_\_\_\_ Date: \_\_\_\_\_

**Department of Tourism, Culture and Heritage:**

Per: \_\_\_\_\_ Date: \_\_\_\_\_

Schedule 7  
Bluenose II Restoration  
Milestone Payment Schedule

	Total Construction	Less MFE	LSA Contract
Mobilization			
Insurance			
Site development			
Deconstruction			
Centreline structure			
Frames and floors			s.21(a)(ii) s.21(b) s.21(c)(iii)
Transom frame			
Keelson			
Ceiling, clamp & shelf			
Exterior planking			
Hull Paint			
Stantions, bitts, knightheads			

Deck beams & carlines

Hanging and lodging knees

Deck

Bulwarks

Rudder

s.21(a)(ii)

Watertight bulkheads

s.21(b)

s.21(c)(iii)

Hatches and deckhouses

Launch

Ballast

Tanks

Cabin sole

Interior

Fire suppression

Piping and plumbing

Propulsion & generators

s.21(a)(ii)

Electrical

s.21(b)

s.21(c)(iii)

Ventilation

Galley

Hardware & equipment

Rig

Owner's acceptance

12,456,777

*Note: Materials on site means materials clearly marked for the Bluenose II project and delivered to the LSA construction site or to the facilities of Covey Island Boatworks, Snyders Shipyard or Lunenburg Foundry*

**Schedule 8**  
**Bluenose II Restoration**  
**List of Major Subcontractors**

Lunenburg County Shipwrights Inc.  
107 Montague Street  
PO Box 1539  
Lunenburg  
Nova Scotia  
B0J 2C0  
phone: 902-640-3064  
fax: 902-482-4238  
e-mail: [communications@coveyisland.com](mailto:communications@coveyisland.com)

Snyders Shipyard Limited  
13617 Hwy 3  
Dayspring  
Nova Scotia  
B4V 5P2  
phone: 902-543-8323  
fax: 902-543-1951  
e-mail: [snydersshipyard@eastlink.ca](mailto:snydersshipyard@eastlink.ca)

Lunenburg Foundry and Engineering Limited  
53 Falkland Street  
PO Box 1240  
Lunenburg  
Nova Scotia  
B0J 2C0  
phone: 902-634-8827  
fax: 902-634-8886  
e-mail: [pjkinley@lunenburgfoundry.com](mailto:pjkinley@lunenburgfoundry.com)

**Schedule 9**

Nova Scotia Minister of Tourism, Culture and Heritage (the "Minister")

- and -

The Builder

**BLUENOSE II RESTORATION PROJECT**

**TENDER OF DELIVERY**

**PURSUANT TO** a Shipbuilding Contract made between the Minister and the Builder on the \_\_\_\_ day of June, 2010 (the "Contract"), the Builder has completed the Works in accordance with the Contract subject only to the exceptions and qualifications noted below, and the Builder has tendered and the Minister has accepted Delivery of the Vessel in accordance therewith.

**NOW THEREFORE** the parties acknowledge and agree as follows.

**SECTION 1: MUTUAL ACKNOWLEDGEMENTS**

1.1 The Minister and the Builder each acknowledge and agree as follows:

- 1.1.1 The Builder has made Delivery of the Vessel to the Minister, and the Minister has accepted Delivery of the Vessel, at Lunenburg, Nova Scotia at \_\_\_\_\_ hours, local time, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_;
- 1.1.2 That the requirements set out in Clause 12.3 of the Contract have been complied with;
- 1.1.3 The Minister acknowledges completion by the Builder of the Works in accordance with the requirements of the Contract Documents and the Regulatory Bodies, and correction of all defects therein to the satisfaction of the Inspector, subject only to Minor Items as set out in Schedule "A" attached hereto;
- 1.1.4 The Minister acknowledges receipt of all certificates, documents and protocols referred to in Clause 12.2 of the Contract, of all manufacturers' and other warranty documents deliverable by the Builder to the Minister, and of all documents, certificates, plans and information to be provided by the Builder pursuant to the Contract;
- 1.1.5 The Builder and the Minister acknowledge that the Contract Price has been adjusted in accordance with the terms of the Contract, subject only to outstanding items in dispute as set out in Schedule "B" attached hereto; and
- 1.1.6 The Builder acknowledges receipt in full of the Contract Price, subject only to retentions by the Minister in respect thereof as set out in Schedule "C" attached hereto.

DELETED



**SECTION 2: ASSURANCES OF THE BUILDER**

- 2.1 The Builder covenants with and warrants to the Minister as follows:
  - 2.1.1 The Vessel is free and clear of all liens, claims, security interests and encumbrances arising from the performance of the Work; and
  - 2.1.2 No liens are or have been filed, pending or threatened against the Vessel.

**SECTION 3: SURVIVAL OF CONTRACT**

- 3.1 The Parties mutually covenant and agree that nothing contained herein shall release or affect the entitlements and obligations of the parties pursuant to the Contract, all of which shall remain in full force and effect until completely performed.

**SECTION 4: GENERAL**

- 4.1 Capitalized terms in this Tender of Delivery shall have the same meanings as in the Contract.
- 4.2 This Tender of Delivery shall be governed by the laws of Nova Scotia and the laws of Canada applicable therein.

**IN WITNESS WHEREOF** the parties have duly executed this Tender of Delivery this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

**SIGNED, SEALED AND DELIVERED**  
in the presence of :

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**HER MAJESTY THE QUEEN** in right  
of the Province of Nova Scotia, as  
represented by the Minister of Tourism,  
Culture and Heritage

Per: \_\_\_\_\_  
Name: Name  
Title: Title

**The Builder**

Per: \_\_\_\_\_  
Name: Name  
Title: Title

DRAFT

Schedule 10



STATUTORY DECLARATION
Standard Construction Document

To be declared by the Contractor as prerequisite to payment for either (apply check mark (✓) below as appropriate):

- checkbox first Contract progress payment (declaration of paragraphs 1. and 2. below only)
checkbox second and subsequent Contract progress payments; or
checkbox release of retained hold-back monies pursuant to the Nova Scotia Builders' Lien Act

The Contractor understands that the making of a false, or fraudulent declaration is a contravention of the Criminal Code of Canada, and carries, upon conviction, penalties including fines, or imprisonment or both.

Upon the latest Certificate for Payment number \_\_\_\_\_, the Contractor acknowledges receipt of a payment in the amount of \$ \_\_\_\_\_ on the \_\_\_ day of \_\_\_\_\_, in the year 20 \_\_\_\_\_.

IN THE MATTER OF THE CONTRACT

Between Her Majesty the Queen, in Right of Her Province of Nova Scotia, and \_\_\_\_\_,
(Name of Contracting Authority) (Name of Contractor)
for the Contract titled \_\_\_\_\_, and Tender numbered \_\_\_\_\_ situate
(Contract Name)
in the City/Town/Village of \_\_\_\_\_, in the County of \_\_\_\_\_, Nova Scotia.

I, \_\_\_\_\_, of the City/Town/Village of \_\_\_\_\_ in the County of \_\_\_\_\_
in the (Declarant's Name)
Province of \_\_\_\_\_,

DO SOLEMNLY DECLARE THAT:

I am \_\_\_\_\_ of \_\_\_\_\_, the Contractor named in the abovementioned Contract, and as such
(Declarant's Title) (Contractor's Name)
have authority to bind the Contractor, and have personal knowledge of the facts declared herein including that:

- 1. The Contract Environmental Protection Plan for the Place of the Work is revised to current conditions, and has been fully complied with in accordance with Contract requirements and the Nova Scotia Environment Act.
2. The Contract Occupational Health & Safety Plan for the Place of the Work is revised to current conditions, and has been fully complied with in accordance with Contract requirements, the Nova Scotia Occupational Health and Safety Act and consistent with details noted below,

(The following occupational health & safety activities at the Place of the Work were conducted by the Contractor during the period covered by this declaration and include activities of all Sub-Contractors. Activities include all matters prescribed by the Nova Scotia Occupational Health and Safety Act and Regulations and the Contract Occupational Health & Safety Plan. Mark the applicable number of occurrences in the spaces provided below:

(List all new Sub-Contractors on the Place of the Work

- # \_\_\_\_\_ Sub-Contractors worked at the Place of the Work this period on attached list)
# \_\_\_\_\_ OH&S orientations performed this period
# \_\_\_\_\_ toolbox meetings conducted this period
# \_\_\_\_\_ safety meetings conducted this period
# \_\_\_\_\_ JOHS Committee meetings held this period
# \_\_\_\_\_ Sub-Contractor OH&S plans submitted and approved this period
# \_\_\_\_\_ formal written OH&S inspections undertaken this period
# \_\_\_\_\_ warnings issued to employees or Sub-Contractors this period
# \_\_\_\_\_ other, explain \_\_\_\_\_

Apply a check mark (✓) below to that which applies. (choose one only)

- checkbox All conditions and activities at the Place of the Work during this period, for which the Contractor is in any way responsible, were found to be in full compliance with the Nova Scotia Occupational Health & Safety Act & its Regulations.
checkbox One, or more activities at the Place of the Work during this period were found to be noncompliant with the Nova Scotia Occupational Health & Safety Act & its Regulations, but were adequately corrected before the date of this declaration. Attach a detailed summary of the particulars and circumstances of each infraction of the Nova Scotia Occupational Health & Safety Act and its Regulations as well as the mitigative measures adopted.
checkbox One, or more activities at the Place of the Work during this period were found to be noncompliant with the Nova Scotia Occupational Health & Safety Act and its Regulations, and were not adequately corrected before the date of this declaration. Attach a detailed summary of the particulars and circumstances of each infraction of the Nova Scotia Occupational Health & Safety Act & its Regulations as well as an explanation of why appropriate mitigative measures were not adopted.)

**Statutory Declaration**  
**Accompanying Certificate No.:** \_\_\_\_\_  
**Page 2 of 2** \_\_\_\_\_

3. all financial accounts for labour, Sub-contracts, Products, material supplies, equipment, construction machinery, taxes, duties, tariffs and all other indebtedness<sup>3</sup> which may have been incurred by the *Contractor* in the performance of the *Work*, and for which the *Contracting Authority* might in any way be held responsible or liable, have been paid in full as required by the *Contract* up to and including the latest progress payment received, as identified above except:
- hold-back monies properly retained in the amount of \$ \_\_\_\_\_ „
  - payments deferred by mutual agreement in the amount of \$ \_\_\_\_\_ ,or
  - monies withheld by reason of legitimate dispute in the amount of \$ \_\_\_\_\_ , where such disputes have been identified to the party, or parties in dispute by way of formal written notice of claim. (if nil above, state "Nil") A detailed explanatory statement of all amounts owing, but unpaid, including any amounts in dispute is attached hereto and forms part of this Statutory Declaration.

I make this **SOLEMN DECLARATION** conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of the *Canada Evidence Act*.

\_\_\_\_\_  
(Signature of Declarant)

\_\_\_\_\_  
(Print Name of Declarant)

DECLARED before me in the City<sup>1</sup>/Town<sup>1</sup>/Village<sup>1</sup> of \_\_\_\_\_ in the County of \_\_\_\_\_, Nova Scotia, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
(Signature of Person Before Whom the Declaration Is Made)

\_\_\_\_\_  
(Print Name of Person Before Whom the Declaration Is Made)

**NOTICE: IF THIS DECLARATION IS NOT COMPLETE IN EVERY DETAIL, IT WILL BE RETURNED FOR COMPLETION AND PAYMENT WILL BE DELAYED.**

**END NOTES**

1. *Strike out the term that does not apply.*
2. *This declaration is made by the sole proprietor where the Contractor is a sole proprietorship. Where the Contractor is a partnership, this declaration is made by one of the registered partners. Where the Contractor is a corporation, this declaration is made by either the President, a Vice President, the Secretary, the Treasurer, a Director, or such other authorized individual of the incorporated company, provided that two copies of the By-Laws which confirm the individual's authority to execute documents is issued under the Corporation seal, and accompanies the first Statutory Declaration for this Contract.*
3. *Other indebtedness shall mean only such debts incurred by the Contractor to the Contractor to persons in privity of contract with him, debts arising out of a statutory requirements, and in the case of the Contractor's workers any debt arising out of a collective bargaining agreements, legislation applying to workers' compensation, unemployment insurance, and minimum wage standards where applicable.*
4. *The person before whom the declaration is made shall be a Commissioner for Oaths, Notary Public, Justice of the Peace, or other person authorized to certify oaths. Provide authority for receiving Declarations and affix Seal, expiration dates, etc.)*

## Schedule 11

### Bluenose II Restoration

### List of itemized prices

Any one or more of the following itemized price changes may be applied to the Contract Price by Change Order issued by the Minister and delivered to the Builder on or before the dates noted

	Item	Extra (Credit)	Latest date for Change Order
1.	Insurance premiums higher or lower than \$100,000 allowance	<p>s.21(a)(ii)</p> <p>s.21(b)</p> <p>s.21(c)(iii)</p>	
2.	Change framing from 10" x 10" single at 27" c/c to 6" x 8" double at 27" c/c or vice versa		9 July 2010
3.	Delete one service generator including fuel, cooling, exhaust and control panel		30 July 2010
4.	Change seawater cooling piping from galvanized to CuNi		30 July 2010
5.	Change firefighting piping from galvanized to CuNi		30 July 2010
6.	Change bilge pump piping from galvanized to CuNi		30 July 2010
7.	Change grey water tank discharge and vent from 304 stainless to galvanized		30 July 2010
8.	Change fresh water accumulator tank from CPV-20T to CPV-62T		30 July 2010
9.	Change from 10 point to 14 point alarm panel		30 July 2010
10.	Ballast more or less than 80 tons Add or subtract steel punchings  Add or subtract concrete		1 August 2011

## Schedule 12

### NON DISCLOSURE and CONFIDENTIALITY AGREEMENT

#### CONFIDENTIALITY

The Builder shall keep private, treat as being confidential, and not make public or divulge during as well as after the term on this Agreement, any information or material to which the Builder or staff becomes privy as a result of acting under this Agreement without having first obtained the Province's consent in writing.

The Builder undertakes and agrees not to make copies of and not to disclose to others any or all of the Confidential Information communicated to it hereunder, except as follows:

- (a) The Builder shall not be prevented from disclosing any or all of the Confidential Information to such of its officers and employees as are required by their duties to have knowledge thereof for the Proper Purpose or carry out its negotiations or participation with the Province in respect of the Proper Purpose, provided that such officers and employees shall be similarly bound by undertakings of confidence, restricted use and non-disclosure in respect of the Confidential Information.
- (b) With the prior written consent of the Province the Builder may disclose for the Proper Purposes such Confidential Information as is provided for in such consent to such of its professional advisers, consultants, insurers and subcontractors shall be similarly bound by undertakings of confidence, restricted use and non-disclosure in respect of such Confidential Information.

The Builder shall ensure that all copies or extracts of Confidential Information made by it shall bear the same form of legend, marking, stamp or other indication of ownership and/or confidentiality as the original received by it hereunder.

The Builder shall use all reasonable endeavors to ensure the due observance of the undertakings of confidence, restricted use and non-disclosure by all persons to whom it discloses or releases copies or extracts of the Confidential Information.

This Agreement shall apply to Confidential Information which may have been communicated by one party to the other prior to the date of this Agreement provided that it was communicated for the Proper Purpose.

This Agreement shall remain in force and shall continue thereafter until fully discharged through written instruction by the Province.

The Builder accepts and agrees that the Confidential Information disclosed or to be disclosed to it by the Province pursuant to this Agreement is, by its nature, valuable proprietary information, the misuse or unauthorized disclosure of which is likely to cause the Province considerable damage for which monetary compensation is likely to be inadequate and accordingly that, without prejudice to other rights and remedies, the Province is entitled to relief by way of injunction including interim injunction.

The Builder shall comply with the requirements set out in Schedule "A" (Personal Information ("P/I") Protection Schedule).

## RIGHTS IN DATA

All research, reports, papers, material, audio-visual material and information forming part of or produced in the performance of this Agreement and all copyrights, patents, trademarks, industrial designs and other property rights arising therefrom, are the sole property of the Minister, and are hereby assigned by the Builder to the Province, provided that the pre-existing intellectual property rights in materials and information belonging to the Supplier shall remain with the Supplier. The Builder also waives all claims to moral rights in respect of that which is assigned.

The Builder shall not divulge, release or publish any such research, reports, papers, material, audio-visual material or information, in whole or in part, without first having obtained written permission from the Province. The Province reserves the right to publish or release in whole or in part, to publish an amended version and not to publish or release at all, or to use or not use as the Province may deem fit, any research, reports, material, audio-visual materials, or information produced in the performance of this Agreement.

The Builder shall ensure that the Province has all licenses required for any software that may be used pursuant to this Agreement.

The Builder hereby grants to the Province a non-exclusive license in perpetuity to use any computer software, designs or similar materials of a generic nature to which the Supplier holds copyright, and that may be included in any work product delivered to the Province under this Agreement.

Notwithstanding the above, the copyright to any computer software, designs or similar materials of a generic nature bearing the copyright of the Supplier that may be used in the performance of the Builder's services under this Agreement, or that may be included in any work product delivered to the Province, shall remain with the Builder. The Builder shall not claim a copyright to any material which is not legitimately the Supplier's work, and shall not claim a copyright to any work developed using the Province's funds or to any work which is unique to this Agreement. The Province may modify any such materials as required, so long as the Builder's original copyright notification is not deleted or changed. The Province shall not permit any party other than the Province of Nova Scotia to make use of such material without the permission of the Supplier.

**SCHEDULE A**  
**PERSONAL INFORMATION ("P/I") PROTECTION SCHEDULE**

1. **DEFINITIONS.** In this Schedule,
  - (a) "**Associate**" shall have the same meaning as in PIIDPA;
  - (b) "**P/I**" shall have the same meaning as the term 'personal information' contained in FOIPOP except that for the purposes of this Schedule personal information shall be limited to personal information obtained, accessed or created by the Contractor as a result of and in relation to the Agreement or any previous agreement between the Province and the Contractor dealing with the same subject matter as the Agreement;
  - (c) "**FOIPOP**" means *Freedom of Information and Protection of Privacy Act* (Nova Scotia), as amended from time to time;
  - (d) "**PIIDPA**" means the *Personal Information International Disclosure Protection Act* (Nova Scotia) as amended from time to time;
2. **PURPOSE.** The purpose of this Schedule is to provide contractual privacy protections for P/I for which the Province is responsible and to enable the Province to comply with its statutory obligations under FOIPOP and PIIDPA.
3. **COLLECTION OF P/I.** Unless the Province otherwise provides, the Contractor may only collect or create P/I that is necessary for the performance of the Contractor's obligations and the Contractor shall only collect P/I either from the Province or directly from the individual.
4. **PROTECTION OF P/I.** The Contractor shall protect P/I by taking reasonable security arrangements against privacy risks including tampering, theft, sabotage, unauthorized access and disposal. What constitutes reasonable security arrangements will be proportionate to the sensitivity and nature of the P/I. Medical and financial information are presumptively highly sensitive.
5. **STORAGE AND ACCESS TO P/I.** Unless the Province otherwise provides, the Contractor shall not permit P/I to be stored, copied or accessed, in any manner either outside of Canada or by a foreign or foreign controlled entity.
6. **RETENTION OF P/I.** Unless otherwise provided by the Province, the Contractor shall retain P/I only as long as is needed to perform its obligations. When no longer needed, the Contractor shall dispose of P/I in a secure manner protecting against privacy risks including theft, reconstruction, recovery or reconstitution in any manner.
7. **USE & DISCLOSURE OF P/I.** The Contractor may only use P/I for the purposes of performing its obligations under the Agreement, and only in accordance with this Schedule or the Agreement. The Contractor may only disclose P/I if the disclosure is necessary for the performance of the Contractor's obligations and is authorized by the Province. Unless otherwise provided by the Province, the Contractor shall not disclose P/I outside Canada, or to a foreign or foreign controlled entity.
8. **INSPECTION OF P/I.** In addition to any other rights of inspection or audit that the Province may have under the Agreement, the Province or an agent acting on its behalf may, at any reasonable time and on reasonable notice to the Contractor, audit and inspect the Contractor's handling, management and use of P/I and assess privacy risks associated with the Contractor.
9. **COMPLIANCE.** The Contractor certifies that it has reviewed the requirements of PIIDPA; that it has the unfettered right to comply with the terms of PIIDPA and this Schedule; that all P/I managed, accessed, collected, used, disclosed, retained, received, created or disposed of in connection with the Agreement shall be treated in accordance with the terms of this Schedule and the Agreement.

**10. ASSOCIATES.** With respect to the Associates:

- (a) Contractor shall take all commercially reasonable measures to ensure that its Associates comply with the obligations under this Schedule. The Contractor agrees and acknowledges that a breach of this Schedule by its Associates shall be treated as if the Contractor had committed the breach itself;
- (b) The Contractor shall ensure that its Associates have acknowledged and agreed to be bound by the terms of this Schedule. If requested the Contractor shall provide a certificate to that effect, in a form acceptable to the Province; and
- (c) At its option, the Province may require confidentiality & privacy agreements between it and any of the Associates of the Contractor, in a form acceptable to the Province.

**11. NOTICE.** The Contractor shall promptly notify the Province of any actual or attempted tampering, theft, sabotage of P/I, or unauthorized access, collection, use, disclosure or disposal of P/I.

**12. FOREIGN ORDERS, DEMANDS ETC...** The Contractor shall promptly notify the Province in writing of any request, demand, subpoena, warrant, order issued or used by a foreign authority or court, whether directly or indirectly, which is being made for the disclosure of P/I held by or accessible to the Contractor. Delivery of the notice shall be made by rush courier to the Minister and to the Attorney General of Nova Scotia, c/o Deputy Minister of Justice, Suite 400, 5151 Terminal Road PO Box 7, Halifax, Nova Scotia, Canada, B3J 2L6.

**13. EFFECT OF NON-COMPLIANCE.** The Parties agree:

- (a) that the disclosure of P/I without the prior and explicit written authorization of the Province shall constitute irreparable harm to the Province and that monetary relief alone for any such disclosure will not and cannot adequately compensate the Province;
- (b) that the Province shall be entitled to apply for equitable relief in connection with any breach of this Schedule, including a restraining order, injunctive relief, or specific performance as may be granted by any Court of competent jurisdiction to prevent or otherwise remedy any such expected or actual breach, and to enforce the terms and provisions of this Schedule. The Contractor agrees that it shall not oppose, defend against or otherwise resist or interfere with the Province's application to a Court of competent jurisdiction for equitable relief;
- (c) that the Contractor's obligations of data and privacy protection and confidentiality set out in this Schedule and the Agreement are fiduciary duties, and that the provisions of this Schedule are fair and reasonable in the commercial circumstances of the Agreement;
- (d) and acknowledge that the provisions of this Schedule are a promise that induced the Province to enter into the Agreement; and
- (e) that the remedies contained in this Schedule shall not be deemed to be the exclusive remedies for any breach of the Schedule, but shall be in addition to all other remedies available at law or equity.

**14. TERMINATION.** In addition to any other rights of termination which the Province may have under the Agreement or otherwise, the Province may, subject to any provisions in the Agreement establishing mandatory cure periods for defaults by the Contractor, terminate the Agreement by giving written notice of such termination to the Contractor, upon any failure of the Contractor to comply with this Schedule in any material respect. Notice shall be deemed to have been given on the day of delivery if delivered, on the day of faxing if faxed, or on the third business day following mailing if mailed.



- 15. RIGHTS IN P/I.** The Contractor acknowledges and agrees that any P/I it obtains or becomes aware of during the performance of its obligations under the Agreement does not nor shall become in any way property of Contractor, nor does the Contractor obtain any rights to use or own the P/I except as provided for in the Agreement including this Schedule. The Contractor solely has a license and permission to use and deal with such P/I only to the extent explicitly set out in or necessarily implied by the terms of the Agreement. The license to use and deal with such P/I shall terminate immediately upon the receipt of a request, demand or order issued or used by a foreign authority or foreign court which is being made for or will result in the disclosure of P/I held or accessible to Contractor; and any P/I it obtains or becomes aware of during the performance of its obligations under the Agreement shall be deemed to be in the custody and in the control of the Province.
- 16. SURVIVAL OF TERMS.** The obligations of the Contractor in this Schedule will survive the termination of the Agreement.
- 17. CONFLICTING LAW.** If a provision of the Agreement (including any direction given by the Province under this Schedule) conflicts with a requirement of FOIPOP, PIIDPA, or an applicable order of a Canadian Court of competent jurisdiction, the conflicting provision of the Agreement (or direction) will be inoperative to the extent of the conflict. The Contractor shall comply with the provisions of this Schedule despite any conflicting provision of the Agreement or the law or order of a court of any jurisdiction outside Canada.
- 18. HEADINGS.** The headings in this Schedule are for ease of reference only. The Parties do not intend for the headings to be taken into account in the construction or interpretation of any provision in this Schedule.
-

### **SCHEDULE 13- PROMOTION**

The Builder and its Subcontractors listed in Schedule 8 shall, in accordance with this Contract have the right to engage in marketing and promotional activities respecting the Bluenose II Restoration Project. For greater certainty the Builder and its Subcontractors listed in Schedule 8 may, without infringing the Minister's IPR, use site signage, brochures, newsletters, web sites, paid advertising in print and broadcast media and interviews and articles in marine trade yachting and general interest media PROVIDED HOWEVER that the production by the Builder of printed, electronic or video materials concerning the project for sale to third parties shall require the Minister's prior written consent.

In engaging in promotional and/or marketing activities the Builder and its Subcontractors listed in Schedule 8 shall not, without the prior written consent of the Minister, attribute any comment and/or statement to the Province, the Federal Government, M H P M, or any of their officials.

The Builder and its Subcontractors listed in Schedule 8 shall notify the Minister in writing, prior to making or issuing any public statement respecting the Bluenose II Restoration Project.