

1974 Bill 32

Third Session, 17th Legislature, 23 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 32

The Alberta Energy Company Act

THE MINISTER OF FEDERAL AND
INTERGOVERNMENTAL AFFAIRS

First Reading

Second Reading

Third Reading

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THE ALBERTA ENERGY COMPANY ACT

(Assented to _____, 1974)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1. (1) In this Act,
 - (a) "articles" means the articles of association of the Company;
 - (b) "Board of Directors" or "Board" means the Board of Directors of the Company;
 - (c) "charter", in relation to the Company, means this Act and the memorandum and articles of association of the company;
 - (d) "Company" means the Alberta Energy Company incorporated under *The Companies Act* as the Alberta Energy Company Ltd.;
 - (e) "member" means a shareholder;
 - (f) "Minister" means the Minister of Federal and Intergovernmental Affairs or such other member of the Executive Council as may be charged from time to time with the administration of this Act;
 - (g) "person" includes an individual or group of individuals, a partnership, a body corporate and any government or government agency;
 - (h) "resident of Alberta" means a person who makes his home and is ordinarily present in Alberta;
 - (i) "resident of Canada" means a resident as defined in Part 3;
 - (j) "securities" means bonds, debentures or other evidences of indebtedness;
 - (k) "shareholder" means a person who, according to the register of members of the Company, is the holder of a share of the Company and a reference in this Act to the holding of a share by or in the name of a person or any description of person is a reference to his being a shareholder according to any such register;
- (1) "shares of the Company" means shares in the authorized shares of the Company;

Explanatory Notes

General. The purpose of this Act is to

- (a) supplement the capacities and powers of Alberta Energy Company Ltd.,
- (b) provide for participation by the Government of Alberta in the Company, and
- (c) to encourage and enable the people of Alberta to participate in the development and ownership of the energy resources of Alberta.

1. Definitions and interpretation.

- (m) “statutory conditions” means the provisions contained in Part 3;
 - (n) “voting share” means any share of the Company that has attached thereto any right to vote whether upon the happening of a stated event or otherwise.
- (2) In determining for the purposes of this Act whether persons are associated, the provisions of sections 28 and 29 of Part 3 apply.

PART 1

ALBERTA ENERGY COMPANY

2. The Alberta Energy Company Ltd. incorporated under *The Companies Act* may use the name "Alberta Energy Company" notwithstanding any provisions of *The Companies Act* to the contrary.

3. (1) Subject to the provisions of *The Companies Act*, any Canadian citizen is qualified to be a director of the Company if he otherwise qualifies under the articles in that regard.

(2) A person ceases to be a director if he ceases to be a Canadian citizen.

(3) At least three-quarters of the members of the Board shall at all times be residents of Alberta.

(4) The directors may, from time to time, by at least four-fifths of the votes cast at a meeting of the Board called for the purpose, remove any director before the expiration of his period of office and appoint any qualified person in his stead for the balance of his term.

(5) The Company may purchase and maintain insurance for the benefit of a director of the Company from and against any liability, cost, charge, loss or expense for which the Company is liable to indemnify the director under the articles.

4. The Company may, on any offering of any of its shares, offer shares in preference or priority to residents of Alberta.

5. (1) Subject to the charter of the Company, the shares of the Company are transferable in accordance with *The Companies Act*.

(2) No share certificate shall be issued for a fraction of a share of the Company but the Company may issue in lieu of a share certificate for a fractional share, scrip certificates in bearer form that entitle the holder to receive a share certificate for a full share by exchanging scrip certificates aggregating a full share.

(3) The Board may attach conditions to any scrip certificates issued by the Company.

(4) A holder of a scrip certificate is not entitled to exercise voting rights or to receive dividends in respect of the scrip certificate.

(5) A shareholder of the Company shall, upon the request of the Board made in accordance with the articles, submit a declaration to the Company with respect to

2. Alberta Energy Company Ltd. to be known as Alberta Energy Company.

3. Directors.

4. Share offerings.

5. Transfer of shares.

- (a) his direct or indirect ownership of any shares of the Company;
- (b) whether he and any person in whose right or for whose use or benefit the share is held are residents of Canada or individuals who are Canadian citizens;
- (c) whether he is associated with any other shareholder;
- (d) whether he is a Canadian citizen;
- (e) if the shareholder is a corporation or trust, information establishing that the shareholder is a resident of Canada;
- (f) such other matters as the Board may consider relevant for the purposes of determining whether the shareholder complies with the statutory conditions.

(6) Where a declaration has been requested by the Board from a shareholder under this section and the shareholder fails or neglects to submit to the Board a declaration satisfactory to the Board within 30 days of the day that the declaration was sent to the shareholder by the Board, the shares of the Company held by that shareholder shall be deemed to be held in contravention of the charter of the Company until a declaration satisfactory to the Board has been submitted to it.

(7) It is a condition of every transfer of a share to be made or recorded in the register of members of the Company and of any subscription for a share of the Company that the transferee or subscriber shall, at the request of the Board, submit to the Board a declaration to the like effect as the declaration that may be requested by the Board under subsection (5).

(8) Subject to subsection (10), where the Board has requested a declaration pursuant to subsection (7), the Board shall not accept any subscription for a share of the Company or allow any transfer to be made or recorded in a register of members of the Company unless the declaration has been submitted to the Board and it appears from the declaration that the subscriber or transferee would not, by the acceptance of the subscription for the shares being subscribed for or the entry in a register of members of the shares being transferred, hold those shares in contravention of the charter of the Company.

(9) Where, in the case of a subscription for or transfer of any shares of the Company, it appears that the number of shares that would be held by the subscriber or the transferee, as shown by the register of members of the Company, would not be more than 2,000 shares if the subscription were accepted or the transfer allowed, the Board is entitled to assume

- (a) that the subscriber or the transferee is not and will not be associated with any other holder of shares of the Company, and
- (b) unless the address to be recorded in the register of members of the Company for the subscriber or transferee is a place outside Canada, that the shares will not be held in contravention of the charter of the Company.

(10) In the case of the subscription for shares of the Company pursuant to an offer of shares by way of rights granted by the Company to holders of its shares to purchase additional shares, the Company may count as shares issued and outstanding all the shares included in the offer.

(11) Within 60 days after the purchase or other acquisition of any shares of the Company by any person, the certificate representing such shares shall be presented to the Company for transfer into the name of the beneficial owner, his designated nominee, trustee, executor or other personal representative and shares not presented for transfer in accordance with this subsection shall be deemed to be held in contravention of the charter of the Company.

6. (1) The voting rights attaching to any shares of the Company shall not be exercised when the shares are held in contravention of the charter of the Company.

(2) Shares are held in contravention of the charter of the Company when such shares are held contrary to any provisions of the charter of the Company or are deemed under section 5 to be held in contravention of the charter of the Company.

(3) The validity of a transfer of shares of the Company that has been made or recorded in a register of members of the Company or the validity of the acceptance of a subscription for shares of the Company is not affected by the holding of such shares in contravention of the charter of the Company.

(4) If the voting rights pertaining to any shares of the Company that are held in contravention of the charter of the Company are exercised at a general meeting of the shareholders of the Company, no proceeding, matter or thing at that meeting is void by reason thereof, but any such proceeding, matter or thing is, at any time within one year from the date of commencement of the general meeting at which such voting rights were exercised, voidable at the option of the Board by a resolution of the Board.

7. (1) No person other than a Canadian citizen or a person who is a resident of Canada is eligible to purchase, own or hold voting shares of the Company.

6. Prohibition against voting shares held in contravention of the charter of the Company.

7. Eligibility to be a shareholder.

(2) No person may hold shares of the Company unless he is eligible to be a shareholder under the charter of the Company.

8. (1) Where any voting shares of the Company are held in contravention of the charter of the Company, the Company may, upon notice to such persons in such manner as may be prescribed by the Board, require the voting share to be disposed of to a person who may hold voting shares of the Company, within such period, being not less than 60 days, as may be limited therefor by the notice.

(2) Where the voting shares referred to in subsection (1) have not been disposed of within the time limited therefor under that subsection, the Company at its sole option may, at any time while those shares continue to be held in contravention of the charter of the Company, redeem them for cancellation upon

- (a) the deposit by the Company of the amount of the redemption price thereof in a special account with a bank or treasury branch, and
- (b) the giving of notice of redemption to the persons and in the manner prescribed by the articles, including notice of the deposit referred to in clause (a),

and thereupon the shares shall be deemed to be redeemed for cancellation and the rights of the holder and any beneficial owners thereof shall cease except the right of any beneficial owner to receive out of the amount so deposited, without interest, the redemption price payable with respect to the shares upon presentation and surrender of the certificates representing the shares.

(3) Any interest payable by the bank or treasury branch on the deposit made pursuant to subsection (2), clause (a) shall be paid to the Company.

(4) The Company is not bound to see to the application of the amount deposited or to the execution of any trust, whether express, implied or constructive, in respect of any voting shares redeemed for cancellation under this section, nor is the Company estopped by any certificates outstanding in respect of any voting shares redeemed for cancellation, notwithstanding anything contained in *The Companies Act*.

(5) Where the contravention of the charter of the Company in respect of which voting shares are required to be disposed of pursuant to subsection (1) concerns the holding by a shareholder and any associates of the shareholder of a total number of voting shares in excess of the percentage limit specified in Part 3 of the issued and outstanding voting shares of the Company, the voting shares of the Company held by the shareholder and the associates for the least length of time shall, to the extent of such excess, be required

8. Redemption of shares.

to be disposed of first pursuant to this section unless the shareholder and the associates by agreement notified in writing to the Company agree to dispose themselves of such number of voting shares of the Company as may be sufficient to remove the contravention, in which case the voting shares as agreed upon shall be disposed of by the shareholder and associates.

(6) The powers of the Company under this section may be exercised at the option of the Company except that if any voting shares of the Company have, to the knowledge of the Company, been held in contravention of the charter of the Company for ten years or such lesser period as may be fixed by the articles, the Company shall, in the manner provided by this section, redeem those voting shares for cancellation.

(7) The redemption price of voting shares of the Company for the purposes of this section is

- (a) in the case of a preferred share, the par value thereof, and
- (b) in the case of any other share, the lesser of
 - (i) the issue price on the initial issue of shares of the Company, and
 - (ii) the closing sale price of the share on the principal stock exchange on the business day immediately preceding the date of the giving of notice of redemption or, if there is no sale thereof on that exchange on that business day, the average of the closing asked price and the closing bid price therefor on that exchange on that business day or, if no bid price and asked price therefor on that exchange are quoted for that business day, the last closing sale price therefor on that exchange recorded before that business day,

and the expressions "principal stock exchange" and "business day" have the meanings assigned thereto in Part 4.

(8) For the purposes of this section the initial issue of shares of the Company refers to the issue of shares that first follows an offering by the Company of such shares to residents of Alberta.

(9) The provisions of this section and section 9 shall be set out in each share certificate issued by the Company and representing a voting share or by a writing attached to the certificate.

9. (1) Subject to the articles and any regulations which may be made in that behalf by the Lieutenant Governor in Council, the Company may purchase for cancellation out of surplus any of its common shares or any fraction of its common shares.

9. Purchase of common shares for cancellation by the Company.

(2) No purchase of common shares shall be made under this section by the Company unless the purchase is authorized by a specific resolution of the Board acting in good faith and in the best interests of the Company.

10. (1) Preferred shares of the Company may be issued subject to redemption or purchase for cancellation out of capital or surplus.

(2) Section 70 of *The Companies Act* does not apply to the redemption or the purchase for cancellation of preferred shares of the Company issued under this section.

11. Notwithstanding sections 8, 9, 10 and 19, the Company shall not redeem or purchase for cancellation any of its shares if there are reasonable grounds for believing that

- (a) the Company is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the Company's assets would after the payment be less than the aggregate of its liabilities and paid-up capital of all classes.

12. (1) Shares of the Company of any class redeemed or purchased for cancellation or surrendered upon being converted into or exchanged for other shares of the Company, cease to be issued and outstanding and the number of issued and outstanding shares of that class and the paid-up capital shall be reduced accordingly, and the shares so redeemed or purchased for cancellation or surrendered

- (a) remain part of the authorized shares of the Company,
- (b) are restored to the status of unissued shares of the same class, and
- (c) may be reissued by the Company.

(2) Common shares reissued in accordance with subsection (1) rank *pari passu* in all respects with like shares then issued and outstanding and the number of issued and outstanding common shares and the paid-up capital of the Company are thereby increased accordingly.

(3) Preferred shares reissued in accordance with subsection (1) rank *pari passu* in all respects with preferred shares then issued and outstanding subject to the reissuance of the shares being in one or more series and with such designation, par value, preferred, deferred or other special rights, restrictions, conditions or limitations attached thereto and the number of issued and outstanding preferred shares and the amount of paid-up capital of the Company are thereby increased accordingly.

10. Redemption of preferred shares.

11. Prohibition against redeeming or purchasing shares for cancellation in certain cases.

12. Redemption, purchase and reissue of shares.

(4) A reduction or increase of the number of issued and outstanding shares and paid-up capital of the Company under this section does not affect the number of authorized shares of the Company but notice of the redemption or purchase for cancellation shall, within 30 days thereof, be filed with the Registrar of Companies together with particulars of the current number of issued and outstanding shares and the paid-up capital of the Company.

(5) If the number of authorized shares of the Company is reduced pursuant to the provisions of *The Companies Act*, no share may be issued under this section in any amount or number or in respect of any class of shares that would have the effect of increasing or altering the number of authorized shares at the time of the issue.

13. Where the Company redeems or purchases for cancellation any shares of the Company under section 8, 9, 10 or 19, any provisions of *The Companies Act* relating to insider trading by an insider of a Company apply in respect of the redemption or purchase for cancellation of such shares as though the Company was an insider within the meaning of those provisions with respect to those shares.

14. (1) Section 114, subsection (1) of *The Companies Act* does not apply in respect of subscriptions for shares of the Company by Her Majesty the Queen in right of Alberta.

(2) No person may commence proceedings under Part 10 of *The Companies Act* to wind up the Company without the prior consent of the Lieutenant Governor in Council.

15. The Company is not an agent of the Crown in right of Alberta.

16. In determining for the purposes of this Act

- (a) whether any shares are held in contravention of the charter of the Company, or
- (b) whether a person is or is not a resident of Canada, or
- (c) whether any individual is a Canadian citizen, or
- (d) whether a shareholder is associated with any other shareholder, or
- (e) whether a corporation is directly or indirectly controlled by persons who are not residents of Canada, or
- (f) any other circumstances relevant to the performance of the duties of the Board under this Act,

13. Company deemed an insider in share transactions.

14. Certain provisions will not apply to the Company.

15. The Company is not a Crown agent.

16. Conclusions reached by the Board.

the Company and any director, officer, employee or agent of the Company may rely upon any statements made in any declaration submitted under section 5 or rely upon the knowledge of any of the directors of such circumstances and the Company, directors, officers, employees or agents are not liable in any action for anything done or omitted by them in good faith as a result of any conclusions made by them on the basis of any such statements or knowledge.

17. Where there is any conflict between the provisions of this Act and

- (a) the provisions of *The Companies Act* as they apply to the Company, or
 - (b) the articles, or
 - (c) the memorandum of association of the Company,
- the provisions of this Act prevail.

17. The provisions of this Act will override provisions of The Companies Act otherwise applicable to the Company.

PART 2

PROVINCIAL GOVERNMENT PARTICIPATION

18. (1) With the approval of the Lieutenant Governor in Council but subject to this Part, the Minister may in his name of office, from time to time,

- (a) subscribe for, purchase and hold shares of the Company on behalf of the Government of Alberta, and
- (b) enter into an agreement with the Company on behalf of the Government of Alberta to purchase any shares of the Company offered at any time to the public that remain unsubscribed at the end of any period specified in that agreement.

(2) Shares of the Company purchased on behalf of the Government of Alberta shall be registered in the books of the Company in the name of Her Majesty the Queen in right of Alberta and may, in accordance with such regulations as the Lieutenant Governor in Council may prescribe, be voted by the Minister or his duly authorized proxy on behalf of the Government of Alberta.

19. (1) Notwithstanding any other provision of this Act, the Government of Alberta may purchase, own and hold shares of the Company in excess of 50 per cent of the total number of issued and outstanding voting shares of the Company but subject to the following conditions:

- (a) the aggregate amount that the Government of Alberta may at any one time have invested in the Company or be committed to invest in the Company by way of investment in the shares of the Company shall not exceed \$250,000,000 as the purchase price thereof plus the amount of any shares or securities of the Company acquired pursuant to section 22;
- (b) if the total number of voting shares of the Company held by the Government of Alberta exceed in number 50 per cent of the total number of issued and outstanding voting shares of the Company, the Company may at its sole option redeem for cancellation any number of common shares of the Company that equals the number of voting shares held by the Government of Alberta in excess of 50 per cent of the total number of issued and outstanding voting shares or any lesser number thereof, at the net asset value of the common shares so redeemed;
- (c) unless otherwise agreed by the Company and the Minister on behalf of the Government of Alberta, no voting shares of the Company shall be purchased, owned or held by the Government of Al-

18. Acquisition of shares by the Government of Alberta.

19. Extent and condition of holdings of the Government of Alberta.

berta other than voting shares acquired by or on behalf of the Government of Alberta directly from the Company by purchase, dividend or otherwise.

(2) Where common shares acquired by or on behalf of the Government of Alberta directly from the Company are redeemed pursuant to subsection (1), clause (b), the price to be paid for those shares shall not be less than the average price paid by the Government of Alberta for all its common shares, but the Lieutenant Governor in Council may waive the requirements of this provision in respect of any common shares of the Company when the net asset value of the common shares is less than the average price paid by the Government of Alberta for all its common shares and has been less than that value for a period of at least 12 months.

(3) Where for any of the purposes of this Act it is necessary to determine the net asset value of any of the common shares of the Company that value shall be determined in accordance with Part 4.

20. The Provincial Treasurer may, with the approval of the Lieutenant Governor in Council, and upon such terms and conditions as the Lieutenant Governor in Council may prescribe,

- (a) guarantee on behalf of the Government of Alberta the repayment of any or all of the indebtedness of the Company, and
- (b) make loans to the Company and acquire and hold securities of the Company as security for the repayment thereof.

21. (1) Where any shares of the Company have been acquired for the Government of Alberta under an agreement with the Company pursuant to section 18, subsection (1), clause (b) to take up unsubscribed shares of the Company, those shares shall, subject to section 24, subsection (3), be disposed of by the Government of Alberta in such manner and at such times as may be specified in the agreement to purchase the unsubscribed shares.

(2) Any provisions of *The Companies Act* relating to insider trading by an insider of a Company are applicable with respect to any sale or purchase of shares of the Company by or on behalf of the Government of Alberta.

22. Any property owned by the Government of Alberta and sold to the Company may be sold for cash, shares or securities of the Company or any combination of cash, shares and securities of the Company, as may be approved by the Lieutenant Governor in Council.

20. Government loans to and guarantees for the Company.

21. Disposal of shares acquired by underwriting.

22. Sale of government interests to the Company.

23. (1) Notwithstanding any provision of Part 1 or *The Companies Act*, the memorandum of association or the articles, the Minister may, with the approval of the Lieutenant Governor in Council, annually appoint not more than four of the members of the Board of Directors in lieu of voting the shares held by the Government of Alberta on any resolution electing members of the Board of Directors.

(2) An appointment under subsection (1) shall be made by notice in writing to the Company at least 30 days before the date of the notice by the Board calling an annual general meeting and the Minister shall be notified of the date at least 45 days in advance thereof.

(3) Where a director appointed to the Board pursuant to this section dies, resigns, becomes incapable of carrying out his duties, or is removed from office pursuant to section 3, subsection (4), the Minister may appoint a person to replace that director.

(4) Directors appointed pursuant to this section cease to hold office, unless reappointed for a further term, at the time the directors elected at the next annual general meeting assume office.

24. (1) Subject to this Part, the Provincial Treasurer may, at the request of the Minister, make advances out of the General Revenue Fund for the purpose of making loans to the Company.

(2) Subject to section 21, subsection (1) and to subsection (3) of this section, the Minister may, with the approval of the Lieutenant Governor in Council, from time to time dispose of any shares or securities of the Company held by the Government of Alberta or any other shares or securities acquired from the Company by way of purchase, dividend or otherwise and all proceeds received from any such disposition form part of the General Revenue Fund.

(3) So far as it is in the public interest to do so, the Minister shall endeavor to maintain the percentage of the voting shares of the Company held by the Government of Alberta at any time at not less than 50 per cent of the total number of issued and outstanding voting shares of the Company.

(4) The Minister shall not dispose of any voting shares of the Company if the disposition would reduce the percentage of voting shares held by the Government of Alberta to less than 50 per cent of the total number of issued and outstanding voting shares of the Company.

23. Option to appoint directors.

24. Government holdings.

PART 3

CONDITIONS AFFECTING THE ACQUISITION AND HOLDING OF VOTING SHARES

25. No person shall purchase or hold voting shares of the Company in the right of or for the use or benefit of a non-resident, unless such non-resident is a Canadian citizen.

26. (1) The total number of voting shares that may be held

- (a) in the name or right of or for the use or benefit of a person, and
- (b) in the name or right of or for the use or benefit of
 - (i) any shareholders associated with the person mentioned in clause (a), or
 - (ii) any other persons who would be deemed under these statutory conditions to be associated with the person mentioned in clause (a), if both he and such other persons were shareholders,

shall not exceed one per cent of the total number of the issued and outstanding voting shares of the Company or such other percentage or percentages as may be fixed by the Lieutenant Governor in Council by regulation.

(2) Subsection (1) does not apply in respect of any voting shares held by the Government of Alberta.

(3) The total number of voting shares of the Company that may be held

- (a) in the name or right of, or for the use or benefit of Her Majesty in right of Canada or in right of a province other than Alberta, and
- (b) in the name or right of, or for the use or benefit of an agent of Her Majesty in the right of Canada or of such other province and any persons associated with such agent,

shall not exceed one per cent of the total number of the issued and outstanding voting shares of the Company or such other percentage or percentages as may be fixed by the Lieutenant Governor in Council by regulation.

27. The total number of voting shares that may be held in the name or right of or for the use or benefit of an agent of Her Majesty in right of Alberta and any persons associated with that agent shall not exceed one per cent of the total number of the issued and outstanding voting shares of the Company or such other percentage or percentages as may be fixed by the Lieutenant Governor in Council by regulation.

25. Restriction on holding voting shares.

26. Maximum share holdings.

27. Maximum share holdings of Government of Alberta.

28. (1) For the purposes of this Part,

(a) “agent” means,

(i) in relation to Her Majesty in right of Alberta, or in right of Canada or in right of a province other than Alberta, an agent of Her Majesty in any such right and includes a municipal or public body empowered to perform a function of government in Canada, any corporation empowered to perform a function or duty on behalf of Her Majesty in any such right or any body corporate controlled directly or indirectly by Her Majesty in any such right, but does not include any person or persons performing a function or duty in connection with

(A) the administration or management of an estate or property of an individual, or

(B) the administration, management or investment of a fund established to provide compensation, hospitalization, medical care, annuity, pension or similar benefits to particular classes of individuals, or moneys derived from such a fund, and

(ii) in relation to the government of a foreign state or any political subdivision thereof, a person empowered to perform a function or duty on behalf of the government of the foreign state or political subdivision;

(b) “corporation” includes an association, partnership or other organization;

(c) “non-resident” means

(i) an individual who is not ordinarily resident in Canada, or

(ii) a corporation incorporated, formed or otherwise organized, elsewhere than in Canada, or

(iii) the government of a foreign state or any political subdivision thereof, or an agent of either, or

(iv) a corporation that is controlled directly or indirectly by non-residents as defined in this clause, or

(v) a trust

(A) established by a non-resident as defined in any of subclauses (ii) to (iv) other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents, or

(B) in which non-residents as defined in any of subclauses (i) to (iv) have more than 50 per cent of the beneficial interest,

28. Interpretation.

- (vi) a corporation of which the majority of the directors, or persons occupying the position of directors by whatever name called, are non-residents as defined in subclause (i), or
 - (vii) a corporation that is controlled directly or indirectly by a trust defined in this clause as a non-resident;
 - (d) "resident" means an individual, corporation, trust or government that is not a non-resident.
- (2) For the purposes of this Part, a shareholder is, except as provided by section 29, deemed to be associated with another shareholder if
- (a) one shareholder is a corporation of which the other shareholder is an officer or director, or
 - (b) one shareholder is a partnership of which the other shareholder is a partner, or
 - (c) one shareholder is a corporation that is controlled directly or indirectly by the other shareholder, or
 - (d) both shareholders are corporations and one shareholder is controlled directly or indirectly by the same government in Canada, individual or corporation that controls directly or indirectly the other shareholder, or
 - (e) both shareholders are members of a voting trust where the trust relates to voting shares of the company, or
 - (f) both shareholders are agents of Her Majesty in right of Canada, or
 - (g) both shareholders are persons performing on behalf of Her Majesty in right of Canada a function or duty in connection with the administration, management or investment of any fund or moneys referred to in subsection (1), clause (a), subclause (i), paragraph (B), or
 - (h) both shareholders are agents of Her Majesty in right of the same province, or
 - (i) both shareholders are persons performing on behalf of Her Majesty in right of a province other than Alberta a function or duty in connection with the administration, management or investment of any fund or moneys referred to in subsection (1), clause (a), subclause (i), paragraph (B), or
 - (j) both shareholders are associated within the meaning of clauses (a) to (i) with the same shareholder, or
 - (k) both shareholders are parties to an agreement or arrangement, a purpose of which, in the opinion of the Board of Directors, is to require the shareholders to act in concert with respect to their interests in the Company.

and the expression "associates", when used with reference to any person, means any persons deemed to be associated with him pursuant to this subsection.

(3) For the purposes of this Part, where a share of the Company is held jointly and one or more of the joint holders thereof is a non-resident, the share is deemed to be held by a non-resident.

(4) For the purposes of this Part, a corporation shall be deemed to be controlled by another corporation, individual, trust or government, if at any time in the opinion of the Board of Directors it is at that time in fact effectively controlled by such other corporation, individual, trust or government either directly or indirectly and either through the holding of shares of the corporation or any other corporation or through the holding of a significant portion of the outstanding debt of a corporation, trust or individual or by any other means whether of a like or different nature.

(5) Where a corporation or trust that was at any time a resident becomes a non-resident, any shares of the Company acquired by the corporation or the trust while it was a resident and held by it while it is a non-resident shall be deemed, for the purposes of this Part conditions, to be shares held by a resident for the use or benefit of a non-resident.

29. Notwithstanding section 28, subsection (2),

- (a) where one shareholder who is a resident and who, but for this clause, would be deemed to be associated with another shareholder, submits to the Company a declaration stating that none of the voting shares of the Company held by him or to be held by him is or will be, to his knowledge, held in the right of, or for the use or benefit of, himself or any person with whom, but for this clause, he would be deemed to be associated, neither shareholder is deemed to be associated with the other so long as the voting shares of the Company from time to time held by the shareholder who made the declaration are not held contrary to the statements made in the declaration;
- (b) two shareholders that are corporations and residents shall not be deemed to be associated with each other by virtue of section 28, subsection (2), clause (j) by reason only that each is deemed under clause (a) of that subsection to be associated with the same shareholder;
- (c) where it appears from the register of members of the Company that not more than 2,000 of the voting shares of the Company are held by a shareholder, he shall not be deemed to be associated with any other shareholder and no other shareholder shall be deemed to be associated with him.

29. Exceptions to rules governing associated shareholders.

PART 4

DETERMINATION OF NET ASSET VALUE OF COMMON SHARES

30. The net asset value of a common share of the Company is the net asset value of that share as determined by the Board of Directors in accordance with section 32, computed to the nearest cent.

31. (1) The net asset value per share of outstanding common shares of the Company shall, subject to subsection (2), be determined by the Board as at the close of business on the last business day of each quarter of the Company's fiscal year and as at the close of business on the business day next preceding any redemption of such shares by the Company pursuant to section 19, subsection (1), clause (b), but the Board may from time to time, by resolution passed at a meeting of the Board, delegate the duty to determine the net asset value per common share to one or more of the directors or officers of the Company and may from time to time revoke any such delegation.

(2) The net asset value per share so determined as at the close of business on a given day shall thereupon become effective for all purposes as at such close of business on that business day.

(3) Where the Board has delegated the duty to determine net asset value, the delegate or delegates shall exercise any discretion given to the Board under the provisions of section 32 until the delegation is revoked.

32. The net asset value of each common share of the authorized common shares of the Company as at any particular time shall be the quotient obtained by dividing the value as at such time of the net assets of the Company applicable to such shares by the total number of common shares of the authorized common shares of the Company outstanding at such time, all determined and computed as follows:

- (a) for the purposes of determining the net asset value, the value of the net assets of the Company shall be the aggregate value of all the assets of the Company calculated as provided in clause (b) less
 - (i) the aggregate of all items of indebtedness or liability (other than capital, surplus and reserves except as hereinafter described) that in accordance with sound accounting principles would be included in determining the total liabilities of the Company as shown on the liability side of a balance sheet as at the date as of which the net asset value is being determined,

30. Net asset value of a common share.

31. Time of determination.

32. Method of determining net asset value.

- (ii) the aggregate amount payable upon redemption of preferred shares outstanding, including the premium, if any, payable on such redemption and all unpaid accumulated dividends, which for such purpose shall be calculated as if the same were accruing up to the date as of which the net asset value is being determined, and
 - (iii) the aggregate amount payable in respect of shares of the capital of the Company that have been redeemed or purchased for cancellation before the date as of which the net asset value is being determined but for which payment has not been made as of such date;
- (b) in determining the value of the assets of the Company as at any particular time
 - (i) cash on hand or on deposit and obligations or liabilities payable to the Company in currency other than Canadian funds shall be valued in Canadian funds by applying the relevant rate of exchange quoted by the Company's bankers at a time as close as practicable to the time at which the net asset value is being determined in accordance herewith;
 - (ii) accounts receivable, bills and notes receivable, dividends receivable (whether payable in cash or shares or otherwise), accrued interest on any interest-bearing investments unless included in the value thereof and any other amounts receivable by the Company shall be included after deduction of such allowances for possible losses on collection as the Board may determine;
 - (iii) the value of any share, bond, subscription right or other security (hereinafter referred to as "investments") shall be determined as follows:
 - (A) as to any investments listed or dealt in on a principal stock exchange, the value thereof as at the close of business on a business day shall be the closing sale price thereof on such exchange or, if there is no sale thereof on that exchange on that business day, the value shall be determined by the Board but shall not be greater than the closing asked price or less than the closing bid price therefor on that exchange on that business day or, if no bid price and asked price therefor on that exchange are quoted for that business day, the value shall be the last closing sale price therefor on that exchange recorded before that business day;

- (B) as to any investment not listed or dealt in on a principal stock exchange, the value thereof shall be determined as nearly as possible in the manner provided for in paragraph (A) if the investments are listed or dealt in on any other stock exchange, and in the event that no quotation therefor is available on any such other stock exchange or if in any event the Board considers it advisable, the value thereof shall be determined by the Board in such manner as in its discretion it considers proper;
 - (C) as to any investments listed or dealt in on any stock exchange and in respect of which the Board is of the opinion that the value thereof as determined in the manner provided for in paragraphs (A) and (B) is greater than the realizable value thereof to the Company, the Board may substitute therefor an estimated fair value;
 - (D) as to the value of any investments the value of which is based on any quotation or on any sale, bid or asked price expressed in a currency other than Canadian funds, the value thereof shall be determined in Canadian funds by applying the relevant rate of exchange quoted by the Company's bankers at a time as close as practicable to the time of such first-mentioned quotation or such sale, bid or asked price;
 - (E) the value of all other assets and properties (excluding good will) of the Company shall be determined by the Board in such manner as in its discretion it considers proper;
- (c) if the value of any investment or other asset is determined by the Board under clause (b), subclause (ii), paragraph (B) or (E), the Lieutenant Governor in Council may, if he is dissatisfied with the determination of the Board, designate an appraiser acceptable to the Board to evaluate such investments, and the value placed thereon by such appraiser is conclusive and binding on the Lieutenant Governor in Council and the Board.

33. For the purposes of this Part,

- (a) "business day" means, in respect of any investments of the Company listed or dealt in on a stock exchange, a day on which the principal stock exchange is open for trading in stocks and securities;

33. Definitions.

- (b) “principal stock exchange” means a stock exchange in Canada designated by the Board of Directors as a principal stock exchange for the Company.

34. A determination of the net asset value of a common share of the Company made in good faith pursuant to the provisions of this Part shall be conclusive and binding upon the Government of Alberta and the Company.

34. Conclusiveness.

PART 5
GENERAL

35. The Lieutenant Governor in Council may make regulations

- (a) governing the purchase for cancellation by the Company out of surplus of any of its common shares or any fraction of its common shares;
- (b) governing the voting of shares held on behalf of the Government of Alberta;
- (c) fixing the percentage or percentages of the issued and outstanding shares of the Company which may be held by shareholders for the purpose of Part 3;
- (d) respecting any matter or thing necessary or advisable for carrying out the intent and purposes of this Act.

36. (1) *The Financial Administration Act is amended as to section 28.6, subsection (1) by adding after clause (f) the following clause:*

- (g) shares or securities of the Alberta Energy Company.

(2) *The Alberta Insurance Act is amended as to section 94, subsection (1) by adding after clause (l) the following clause:*

- (ll) the shares of the Alberta Energy Company; or

(3) *The Trust Companies Act is amended as to section 111, subsection (1) by*

- (a) *striking out the word "and" at the end of clause (g),*
- (b) *by adding the word "and" at the end of clause (h) and by adding thereafter the following clause:*

- (i) shares of the Alberta Energy Company.

(4) *The Trustee Act is amended as to section 5 by adding after clause (j) the following clause:*

- (jl) shares of the Alberta Energy Company;

37. The Crown is bound by this Act.

38. This Act comes into force on a date to be fixed by Proclamation.

35. Regulations.

36. Consequential amendments.

37. Crown bound.