

Appraisal Report

**Lands of Joseph Fogarty
PID 35044056
Fox Island, Nova Scotia**

Prepared for:

McInnes Cooper

By:

INGRAM VARNER

and Associates

15 Dartmouth Road, Suite 310
Bedford (Halifax), Nova Scotia B4A 3X6

Phone: (902) 835-5383
Fax: (902) 835-3732

www.ingramvarner.com

File no. 3I11194-1
July 2011



July 27, 2011

McInnes Cooper
Purdy's Wharf Tower II
1300-1969 Upper Water Street
Halifax, NS B3J 2V1

Attention: Peter Rogers

Dear Mr. Rogers:

Re: Valuation of Vacant Land - PID 35044056, Highway 16, Fox Island, Nova Scotia

As per your instructions, we have completed an investigation and analysis of the above-mentioned property and herewith submit our report for your consideration.

The Appraisal was made for the purpose of expressing our *Current Value Opinion* of the *Market Value* of the Fee Simple Interest in the subject property. The definition of *Market Value*, as employed in this report, is outlined under the *Terms of Reference* section of this report.

This report complies with the Canadian Uniform Standards of Professional Appraisal Practice and is subject to the Contingent and Limiting Conditions outlined in section 2.0 of the report.

Based on our interpretation and analysis of the data outlined in this report as well as a personal inspection of the property, it is our considered opinion that the *Market Value* of the Fee Simple Interest in the subject property as of July 25, 2011 is:

ONE HUNDRED AND FORTY THOUSAND DOLLARS (\$140,000.00)

If you have any questions regarding this report, please contact the undersigned at your convenience.

Respectfully Submitted,

John A. Ingram, AACI, P. App., MRICS
President
NSREAA - Registration no. 251790

INGRAM VARNER
and Associates

15 Dartmouth Road, Suite 310
Bedford (Halifax), Nova Scotia, B4A 3X6

Phone: (902) 835-5383
Fax: (902) 835-3732

www.ingramvarner.com

TABLE OF CONTENTS

TITLE PAGE	i
LETTER OF TRANSMITTAL	ii
TABLE OF CONTENTS	iii
1.0 EXECUTIVE SUMMARY	1
2.0 CONTINGENT AND LIMITING CONDITIONS	2
3.0 TERMS OF REFERENCE	
3.1 PROPERTY RIGHTS APPRAISED	4
3.2 PURPOSE OF THE ASSIGNMENT	4
3.3 INTENDED USE OF THE REPORT	4
3.4 DEFINITION OF MARKET VALUE	4
3.5 EXPOSURE TIME	5
3.6 SALES HISTORY	5
3.7 SCOPE OF THE APPRAISAL	5
4.0 LOCATIONAL OVERVIEW	
4.1 MACRO-MARKET CHARACTERISTICS	6
4.2 LOCATION MAPS	8
4.3 MICRO-MARKET CHARACTERISTICS	9
5.0 PHYSICAL AND FUNCTIONAL DATA	
5.1 SITE DETAILS	10
5.2 MUNICIPAL DATA	12
6.0 HIGHEST AND BEST USE	
6.1 AS IF VACANT	13
6.2 AS IMPROVED	13
7.0 VALUATION METHODOLOGY	
7.1 VACANT LAND	14
8.0 DIRECT COMPARISON APPROACH	
8.1 COMPARABLE SALES DATA	15
8.2 COMPARATIVE ANALYSIS AND ADJUSTMENT	16
8.3 SUMMARY AND VALUE CONCLUSION	19

9.0 CONCLUSIONS

9.1 FINAL VALUE ESTIMATE	20
---------------------------------------	----

10.0 CERTIFICATION	21
---------------------------------	----

SUBJECT PHOTOGRAPHS	A
----------------------------------	---

COMPARABLE SALES PLANS AND LOCATION MAP	B
--	---

QUALIFICATIONS OF THE APPRAISER	C
--	---

1.0 EXECUTIVE SUMMARY

Property Identification:	Property of Joseph Fogarty Highway 16 Fox Island, Nova Scotia PID 35044056
Property Type:	Vacant land.
Current Registered Owner:	Joseph Fogarty
Assessed Value (2011):	\$26,000.00
Zoning:	Industrial Heavy (M-2)
Highest and Best Use:	Holding for future Industrial Heavy use.
Site Area:	107.0 acres \pm
Value by Direct Comparison:	\$140,000.00
Final Value Estimate:	\$140,000.00
Effective Date:	July 25, 2011
Date of Report:	July 27, 2011

2.0 CONTINGENT AND LIMITING CONDITIONS

1. This report has been prepared at the request of the client for the purpose of providing an estimate of the market value. It is not reasonable for any other person to rely upon this appraisal without first obtaining written authorization from the author. There may be qualifications, assumptions, or limiting conditions in addition to those set out below relevant to that person's identity or his intended use. The report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.

2. The author is not qualified and does not purport to give legal advice. It is assumed that:

- i) the legal description employed in this report is correct;
- ii) title to the property is good and marketable;
- iii) there are no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation, except as expressly noted herein;
- iv) the existing use is a legally conforming use which may be continued by any purchaser from the existing owner;
- v) rights-of-way, easements, or encroachments over other real property and leases or other covenants noted herein are legally enforceable.

Because these assumptions have been made, no investigation, legal or otherwise, has been undertaken which would verify these assumptions except as expressly noted herein.

3. The author is not a qualified surveyor. Sketches, drawings, diagrams, photographs, etc. are presented in this report for the limited purpose of illustration and are not to be relied upon in themselves.

4. The author is not qualified to give engineering advice and no soil tests have been done.

5. No investigation has been undertaken with the local zoning office, the fire department, the building inspector, the health department or any other government regulatory agency unless such investigations are expressly represented to have been made in this report. The subject property must comply with such government regulations and, if it does not comply, its non-compliance may affect market value. To be certain of compliance, further investigations may be necessary.

6. Neither possession of this report nor a copy of it carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser. This is subject only to confidential review by the Appraisal Institute of Canada as provided in the Code of Ethics, Standards of Professional Conduct and Standards of Professional Practice of the Institute.

7. Market data has been obtained, in part, from documents at the land registry office, or as reported by the real estate board. As well as using such documented and generally reliable evidence of market transactions, it was also necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information. Where information has been supplied by others, absolutely no obligation is assumed by the author for its accuracy.

8. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the market value expressed as of the date of this report cannot be relied upon as of any other date except with further advice of the author.

9. The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately. However, neither this nor any other of these limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of the report which best serves the administration of justice.

10. The author reserves the right to review all calculations referred to in this report and, if necessary, revise his opinion in the light of any new facts, trends, or changing conditions existing at any date prior to or at the effective date which became apparent to him subsequent to the date of this report.

11. Unless otherwise noted in this report, the author is not qualified to comment on environmental issues that may effect the market value of the property appraised, including but not limited to hazardous materials, pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions which may give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might effect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the subject property.

3.0 TERMS OF REFERENCE

3.1 PROPERTY RIGHTS APPRAISED

The property rights being appraised in this report are those which will accrue to the owner of the property described herein. This encompasses the rights normally attached to the freehold (or fee simple) interest in the property. The property has been appraised on a debt-free basis.

3.2 PURPOSE OF THE ASSIGNMENT

This investigation and appraisal was made for the purpose of estimating the market value of the subject property as of July 25, 2011.

3.3 INTENDED USE OF THE REPORT

This report is intended for the use of McInnes Cooper and Erdene Resource Development to assist in a potential acquisition of the subject property.

3.4 DEFINITION OF MARKET VALUE

3.4.1 Canadian Uniform Standards of Professional Appraisal Practice Definition

The term "Market Value" as used in this report is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) *buyer and seller are typically motivated;*
- 2) *both parties are well informed or well advised, and acting in what they consider their best interests;*
- 3) *a reasonable time is allowed for exposure in the open market;*
- 4) *payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and*
- 5) *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

3.5 EXPOSURE TIME

The value estimate assumes that the subject property was exposed for sale on the open market in a manner typical for this class of property for at least 12 months prior to the effective date.

3.6 SALES HISTORY

The subject property has been owned by the current owner for in excess of three years.

It is not known to be under agreement, option or offer and is not currently being actively marketed for sale.

3.7 SCOPE OF THE APPRAISAL

The scope of this appraisal encompassed those methods, procedures and investigations considered to be typical and appropriate for this class of property and the intended use of this report.

A physical inspection of the subject property was undertaken on May 28, 2009 as well as on May 5, 2008 by means of a helicopter over-flight. The neighbourhood was inspected noting relevant competition characteristics and general physical make-up. Zoning information was obtained from the Municipality of the District of Guysborough as were the property tax rates. Ownership and assessment information were obtained from the *Service Nova Scotia Property Online* database. Comparable sales data was obtained from vendors, purchasers and brokers as well as MLS data and information retained on file.

4.0 LOCATIONAL OVERVIEW

4.1 MACRO-MARKET CHARACTERISTICS

The subject property is located within the community of Fox Island in Guysborough County, Nova Scotia. Selected statistics from the 2006 census are summarized in the following table:

	Guysborough (Municipal District)	Guysborough (County)	Nova Scotia
Land Area (km ²)	2,111.42	4,044.23	52,917.46
2006 Population	4,681	9,058	913,462
Population Change from 2001	-9.4%	-7.8%	0.6%
Median Earnings (full year, full time)	\$33,672	\$34,016	\$36,917
Number of Private Occupied Dwellings	2,045	3,890	376,845
Percent Rented	9.3%	11.7%	27.6%
Avg. Value of Private Occupied Dwellings	\$97,515	\$91,800	\$158,000

The current unemployment rate for Nova Scotia (June 2011) is 8.7% with a participation rate of 63.7% and a total labour force of 496,000. The APEC forecast for Nova Scotia in 2011 projects real GDP growth at +1.6%.

The Nova Scotia economy is predominantly service-based. The Province's services sector is proportionally larger than that of Canada. In 2005, 76.8% of the provincial economy was within the services sector, compared to 68.9% for Canada. The goods producing sector accounted for 23.2% of Nova Scotia's economy in 2005, compared to 31.1% for Canada in 2005. This represents Nova Scotia's position as the principal private sector service centre for Atlantic Canada and the centre for regional public administration and defense.

The following table summarizes statistical and financial information for the subject area:

	Market Area	Date	Current Figures	Change over Previous Year
Labour Force	North Shore	Jun-11	79,400	2.1%
Unemployment Rate	North Shore	Jun-11	8.90%	+70 basis points
Participation Rate	North Shore	Jun-11	61.10%	+130 basis points
Consumer Price Index (all items)	Nova Scotia	Jun-11	122.5	4.4%
Non-residential Construction	Nova Scotia	Q1-11	\$218,900,000	23.5%
Retail Trade	Nova Scotia	May-11	\$1,065,500,000	2.3%
Bank of Canada Rate	Canada	Jul-11	1.00%	up 50 basis points
Chartered Bank Prime Rate	Canada	Jul-11	3.00%	up 50 basis points
Long-term Canada Bond Yield	Canada	Jul-11	3.55%	down 10 basis points

The subject is situated in the political jurisdiction of the Municipality of the District of Guysborough (MODG). MODG is one of four municipal units in Guysborough County and takes in the eastern half of the county. Some of the key statistical information for the Municipality is outlined in the foregoing table. The existing economy is largely primary resource-based. MODG is endeavouring to diversify the local economy and expand employment prospects by creating an environment favourable to large scale industrial development. The Maher Melford Terminal port and container terminal in Melford is in the planning stages. Goldboro is the site of the SOEI natural gas processing plant and the landfall site for the Sable natural gas pipeline as well as the origination point of the Maritime and Northeast Pipeline (M&NP) main line and Point Tupper lateral line. The planned Maple LNG facility in Goldboro was cancelled in late 2010.

4.2 LOCATION MAPS

Neighbourhood Location



Regional Location



4.3 MICRO-MARKET CHARACTERISTICS

The subject property is located on the south coast of Chedabucto Bay to the north of Highway 16. The area is sparsely developed. Existing development consists primarily of a mix of rural residential and recreational uses. The Canso Coastal Barrens Wilderness Area is located immediately to the south.

Highway 16 is a two lane, two way asphalt paved trunk highway which runs from Highway 104 at exit 37 to the north through to the Town of Canso. Canso is located about 7 km to the east and Guysborough is located about 40 km to the northwest.

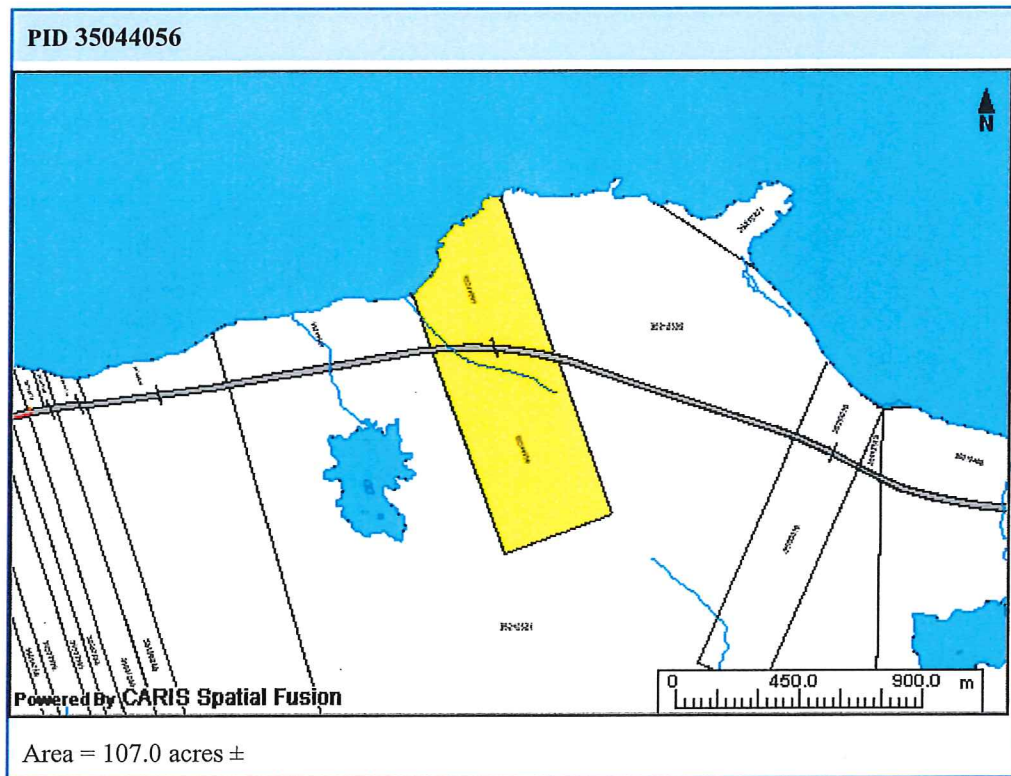
5.0 PHYSICAL AND FUNCTIONAL DATA

5.1 SITE DETAILS

5.1.1 Site Description

The subject site is situated on the south coast of Chedabucto Bay to the north of Highway 16.

The parcel is depicted in yellow in the following *SNS Property Online* plan:



The overall subject parcel is basically rectangular with an irregularly shaped northern boundary. There is ocean frontage on Chedabucto Bay with rugged and rocky coastline. Fogherty Lake is located immediately west of the subject. Tree cover consists of small softwood with an intermixing of hardwood with sparse coverage in some areas. There are large barren areas as well as a number of areas of rock outcroppings.

The property has limited accessibility with no active public road frontage. The site is bisected by a provincially-owned road reserve corridor. However, the corridor is undeveloped wood land and does not provide any functional access to the property.

5.1.2 Site Improvements

None.

5.1.3 Services

The subject has the following services available:

- No central water and sewer - on-site well and septic would be required.
- Electricity is available in the area to the south on Highway 16.

5.1.4 Easements and Rights-of-way

None known.

5.1.5 Environmental Considerations

The value indicated in this report assumes an environmentally clean site. No environmental assessment reports have been reviewed.

5.2 MUNICIPAL DATA

5.2.1 Assessed Value and Annual Taxes

		Resource Taxable
2010	Assessment	\$26,000.00
	Tax Rate (\$/100)	0.5900
	Property Tax	\$153.40
2011	Assessment	\$26,000.00
	Change over 2010	0.00%
	Proposed Taxes	not yet set

5.2.2 Zoning and Planning Considerations

The zoning for the subject lands is governed by the Land Use By-law for the District #1, 2, 4, 5 and 6 Planning Area of the Municipality of the District of Guysborough. The permitted uses and zone requirements for the M-2 zone are summarized as follows:

	Industrial Heavy (M-2)
Permitted Uses:	<ul style="list-style-type: none"> • All uses permitted within the M-1 zone subject to the M-1 zone requirements (manufacturing, assembly, warehouse, service industry, related office uses). • Auto salvage yards. • Rock quarry operations. • Refineries and raw material processing and manufacturing.
Minimum Lot Area:	40,000 ft ²
Minimum Frontage:	200 feet
Minimum Front Yard:	25 feet
Minimum Side Yard:	15 feet
Minimum Rear Yard:	25 feet

The subject lot meets the minimum requirements of the M-2 zone.

6.0 HIGHEST AND BEST USE

The *Highest and Best Use* of a property is defined for the purposes of this report as “the use, at the time of appraisal, from among reasonably probable and legal alternative uses found to be physically possible, appropriately supported and financially feasible, that is likely to produce the greatest net return over a period of time.”

6.1 AS IF VACANT

The highest and best use of the vacant site would be a holding use in anticipation of assembly for an Industrial Heavy use in accordance with the permitted uses and requirements of the M-2 zone. The parcel size is potentially sufficient for independent development with an M-2 use. However, the property does not have functional road access which would limit its utility. No development of the road corridor is anticipated and the cost of developing road access, if it were to be permitted, would be prohibitive for independent development of the subject site. Therefore, assembly with adjoining parcels would be anticipated.

6.2 AS IMPROVED

The subject property is unimproved vacant land.

7.0 VALUATION METHODOLOGY

7.1 VACANT LAND

There are four basic approaches available to the appraiser in the estimation of the market value of vacant land. The procedures for these approaches are briefly summarized as follows:

- **Land Value by Abstraction**

This method involves subtracting depreciated building value from the sale price of an improved property, the remainder being site value. The method is most applicable when no vacant land sales exist.

- **Land Development Method**

This method is best applied to undeveloped tracts which have an imminent highest and best use in a developed state and where few comparable land sales exist. The basic procedure is to determine the most probable type of development for the land, determine the costs and time involved in attaining the fully developed stage, and determine the value for the developed land through Direct Comparison. The development costs are deducted from the developed market value arriving at a value for the land in its undeveloped state.

- **Land Residual Method**

This method is similar to the abstraction method but intended for income producing properties. Net income is determined and the portion attributable to improvements is determined. The remainder of the income is capitalized into an indication of site value.

- **Direct Comparison Approach**

This is the most commonly used and generally most reliable approach for valuing vacant land providing a sufficient number of comparable land sales exist. Sales of similar types of vacant land are derived from the market and reduced to an appropriate unit of comparison (i.e. price/ft², price/acre, price/lot.) Where necessary, the unit sale prices are adjusted for differences such as date of sale, location, and physical factors. The adjusted unit prices are applied to the subject land to arrive at an indication of market value.

The Direct Comparison Approach has been utilized in the valuation of the vacant land.

8.0 DIRECT COMPARISON APPROACH

8.1 COMPARABLE SALES DATA

Schedule of Vacant Land Sales					
# Property	Sale Date	Sale Price	Area (acres)	Price /acre	Remarks
1] Lawlors Lane Upper Whitehead PID 35037860	May-11	\$31,500	54.4	\$579	930' of ocean frontage on the Northwest Branch of Whitehead Harbour as well as frontage on Spears Lake. No functional road access with frontage on undeveloped road reserve. Zoned R-1. Vendor: John and Heather Fleming Purchaser: Sandra Winter
2] Highway 16 Phillips Harbour PID 35036425	Apr-11	\$11,000	30.0	\$367	Cut-over wood land with no water frontage. Extensive road frontage on Highway 16 and Canso Branch Road. Zoned R-1. Vendor: James Hattie Purchaser: Sean Leland
3] Lot 4-10 Highway 16 Half Island Cove PID 35036748	Sep-09	\$127,000	24.8	\$5,121	2,300' of ocean frontage on Chedabucto Bay. Public road frontage. Mix of cleared and wooded land. Zoned R-1. Vendor: Harvey and Reginald Hendsbee Purchaser: Scott and Janice Kupsch
4] Lands of J. Cummings Highway 344 Manchester PID 35004456	Sep-08	\$200,000	138.40	\$1,445	Ocean frontage on Chedabucto Bay. No direct road frontage. Zoned R-1. Estate sale. Subject to a Protected beach designation. Vendor: Estate of John Cummings Purchaser: Faith Crandall
5] 7035 Highway 16 Halfway Cove PID 35034537	Nov-07	\$43,000	199.0	\$216	Long narrow parcel with frontage on Highway 16. Wooded lot. Property is crossed by 2 brooks. Gravel driveway and well on property. Zoned R-1. Vendor: Bank of Montreal Purchaser: Barry and Sandra Potter
6] Lands of Eugen Franz Highway 16 Half Island Cove PID 35037290, 35037266, 35077791, 35077775, 35203025 35203033, 35203058, 35203066 and 35203041	Sep-07	\$140,000	164.2	\$853	Group of 9 contiguous lots ranging from 0.15 to 49.0 acres. Overall property has frontage on Highway 16 and Half Island Cove Road. Ocean frontage. Zoned R-1. Vendor: Eugen Franz Purchaser: Loren Yaremchuk
7] Grant 16651 Dover Road Little Dover PID 35046283	Jan-07	\$200,000	115.0	\$1,739	Wooded lot with no road frontage. Boat access. Over 4,700' ocean frontage + 1,300' on coastal inlet. 2 lakes located on the property. Zoned R-1. Vendor: Estate of Mabel Varzeas Purchaser: Darrin and Virna Kneller
8] Lands of A. Walters Highway 316 Goldboro PID 35066208, 35066232, 35066281, 35066380, 35066406 35088939, 35094481 and 35196278	Jan-06	\$148,000	24.26	\$6,101	Acquisition of 8 parcels from a single owner. Parcels formed part of a proposed residential subdivision. M-3 Industrial zoning at time of sale. Vendor: Antoinette Walters Purchaser: Municipality of the District of Guysborough

8.2 COMPARATIVE ANALYSIS AND ADJUSTMENT

The foregoing schedule outlines sales of comparable properties in the general area of the subject property and the sales have been evaluated based on the price/acre of site area for Direct Comparison purposes. The rates/acre range from \$216.00 to \$6,101.00/acre averaging \$1,934.00/acre with a median rate of \$1,149.00/acre.

The relative merits of the sales are discussed as follows:

- **Index 1** - Comparable location. Ocean frontage. No road frontage. Residential zoning.
- **Index 2** - Comparable location. No water frontage. Road frontage. Residential zoning.
- **Index 3** - Comparable location. Ocean frontage. Road frontage. Residential zoning.
- **Index 4** - Comparable location. Ocean frontage. No road frontage. Residential zoning.
- **Index 5** - Comparable location. No water frontage. Road frontage. Long and narrow configuration. Residential zoning.
- **Index 6** - Comparable location. Ocean frontage. Road frontage. Long and narrow configuration. Residential zoning.
- **Index 7** - Comparable location. Ocean frontage. No road frontage. Residential zoning.
- **Index 8** - Superior location. Ocean frontage. Road frontage. Inferior configuration due to non-contiguous lots. Industrial zoning.

Due to the variances in sale dates a market conditions adjustment has been undertaken. Due to a lack of paired sales data in the subject market, consideration has been given to generalized index information. The CMHC Land Price Index for Nova Scotia has been considered for this adjustment. Between January 2006 (oldest transaction) and May 2011 (most current reporting data), the index shows an average increase in land values of 0.33% per month or 4.0% per annum. This adjustment has been applied to each of the comparables.

After applying the foregoing market conditions adjustment, the rates per acre range from \$247.00 to \$7,430.00/acre averaging \$2,345.00/acre with a median rate of \$1,295.00/acre. Removing the high and low extremes from the range reduces the average to \$1,848.00/acre.

In addition to the foregoing time adjustment, qualitative rankings have been made to the comparable sales for ocean frontage, location, access and physical characteristics (lot size, configuration and other physical characteristics). A single point system has been assigned for each factor based on whether a comparable sale is superior, inferior or comparable to the subject in these factors (+1 = superior, -1 = inferior, 0 = comparable).

All of the transactions have zoning that differs from the subject. Sales 1-7 have R-1 residential zoning while sale 8 has M-3 industrial zoning. No sales of M-2 zoned sites have been identified. The M-2 zone permits M-1 uses as well as auto salvage yards, rock quarry operations and refineries. The R-1 zone also permits some limited M-1 uses in addition to residential uses. The M-3 zone is comparatively specialized and limited in that it permits a narrow group of uses related to petrochemical processing and power generation. No market evidence has been identified to support an adjustment for variances in zoning between R-1, M-2 and M-3 designations and no adjustment has been made for this consideration.

Based on the foregoing, the ranking process is summarized in the following table:

Ranking Analysis							
Index no.	\$/acre	Time Adjusted	Ocean Frontage	Location	Access	Lot Size Physical	Point Total
5	\$216	\$247	-1	0	1	-2	-2
2	\$367	\$371	-1	0	1	-1	-1
Subject			0	0	0	0	0
1	\$579	\$583	0	0	0	0	0
6	\$853	\$982	0	0	1	-1	0
4	\$1,445	\$1,607	0	0	0	0	0
7	\$1,739	\$2,049	0	0	0	0	0
3	\$5,121	\$5,493	0	0	1	1	2
8	\$6,101	\$7,430	0	1	1	0	2

Sales 2 and 5 have an overall inferior ranking. The upper end of the range from the inferior ranked sales is \$371.00/acre after the market conditions adjustment which suggests that the subject would be represented at a unit rate above this level.

Sales 1, 4, 6, and 7 have an overall comparable ranking. The unit rates from these transactions range from \$583.00 to \$2,049.00/acre averaging \$1,305.00/acre with a median rate of \$1,295.00/acre. Based on the comparable rankings, the subject would be characterized as being reasonably represented at a unit rate in the range reflected by these transactions.

Sales 3 and 8 have an overall superior ranking. Both rates are significantly above those from the comparably ranked transactions with the lowest rate at \$5,493.00/acre. The subject would be reflected at a rate below the adjusted level from these two transactions.

Based on the foregoing, the subject is considered to be most reasonably represented by a unit rate in the range bracketed by sales 1, 4, 6 and 7. No single sale within this group is considered to provide the strongest basis for comparison to the subject. Approximately equal weight has been given to these indicators which have a midpoint of approximately \$1,300.00 per acre. This rate has been rounded to the nearest \$100.00 for calculation purposes.

8.3 SUMMARY AND VALUE CONCLUSION

Based on the foregoing analysis of market data, a rate of \$1,300.00/acre is considered to be reasonably representative of the market position of the overall subject site. Therefore, the estimate of value by the Direct Comparison Approach is calculated as follows:

107.0 acres @ \$1,300.00 /acre	\$139,100.00
	Rounded \$140,000.00

9.0 CONCLUSIONS

9.1 FINAL VALUE ESTIMATE

Based on the foregoing, the market value of the subject property, as of July 25, 2011, is considered to be fairly represented at:

ONE HUNDRED AND FORTY THOUSAND DOLLARS

(\$140,000.00)

10.0 CERTIFICATION

Subject Property: Vacant Land - PID 35044056, Highway 16, Fox Island, Nova Scotia

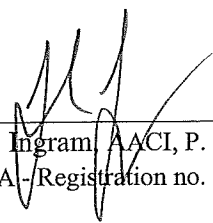
I certify that, to the best of my knowledge and belief,

- The statements of fact contained in this report are true and correct.
- The property was personally inspected on May 28, 2009 as well as on May 5, 2008 by means of a helicopter over-flight and I have not withheld any comments or observations which might affect the opinions stated in this report.
- The analyses, opinions and conclusions reported herein are my personal and unbiased views and are limited only by the Contingent and Limiting Conditions contained herein.
- I have no past, present or contemplated future interest in the real estate which is the object of this report and that I have no personal interest or bias with respect to the property or the parties involved.
- My compensation is not contingent upon any action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.
- This report has been made in conformity with, and is subject to, the Canadian Uniform Standards of Professional Appraisal Practice as well as the By-laws and regulations of the Appraisal Institute of Canada and the Nova Scotia Real Estate Appraisers Association. The report is subject to review by duly authorized representatives of this Institute.
- I have the knowledge and experience to complete the assignment competently.
- No one provided significant professional assistance to the person signing this report.
- I have fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development program for designated members.

In my opinion, the market value of the subject property, as of July 25, 2011, was:

ONE HUNDRED AND FORTY THOUSAND DOLLARS (\$140,000.00)

ARA Ingram Varner


John A. Ingram, AACI, P. App., MRICS
NSREAA - Registration no. 251790

July 27, 2011
Date of Report





Aerial view of subject area (circa 2007)



View to northwest toward subject ocean frontage



View to east over subject lands



View to west over subject lands



View to south over subject lands

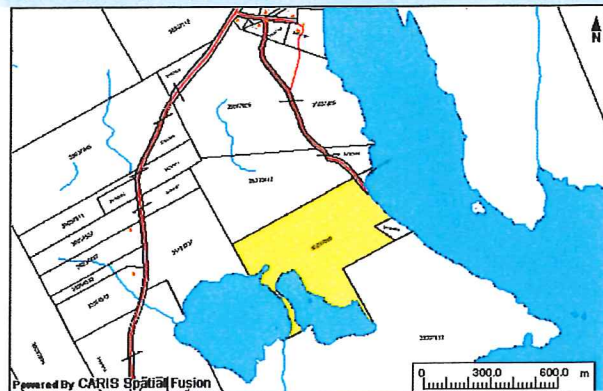


View west on Highway 16 in area of subject lands

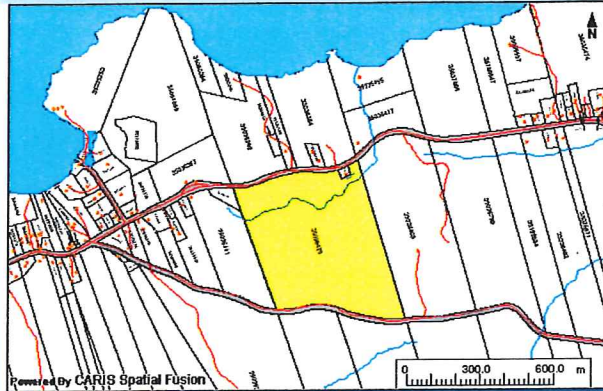


View east on Highway 16 in area of subject lands

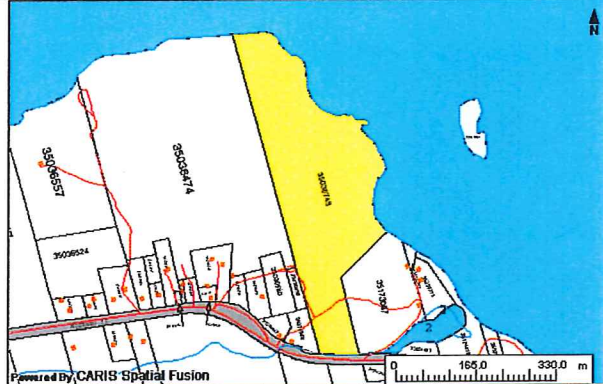
1] Highway 316, Upper Whitehead



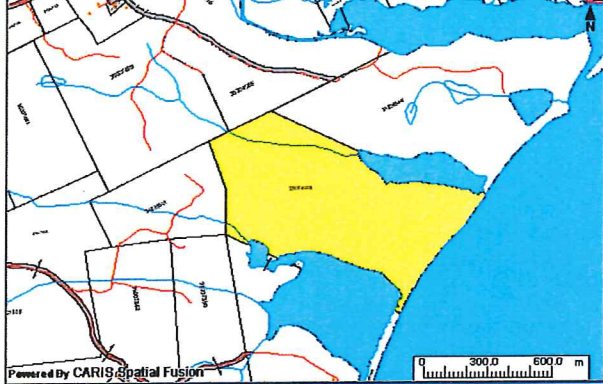
2] Highway 16, Phillips Harbour



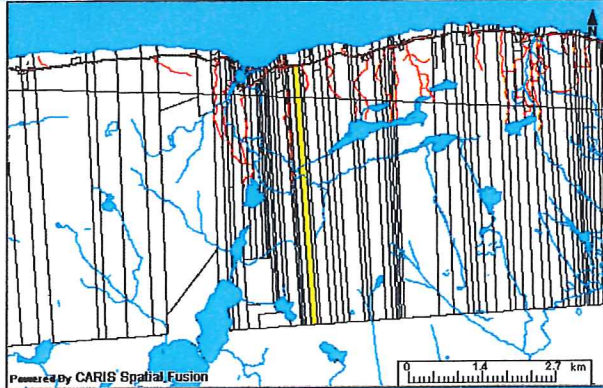
3] Highway 16, Half Island Cove



4] Lands of J. Cummings

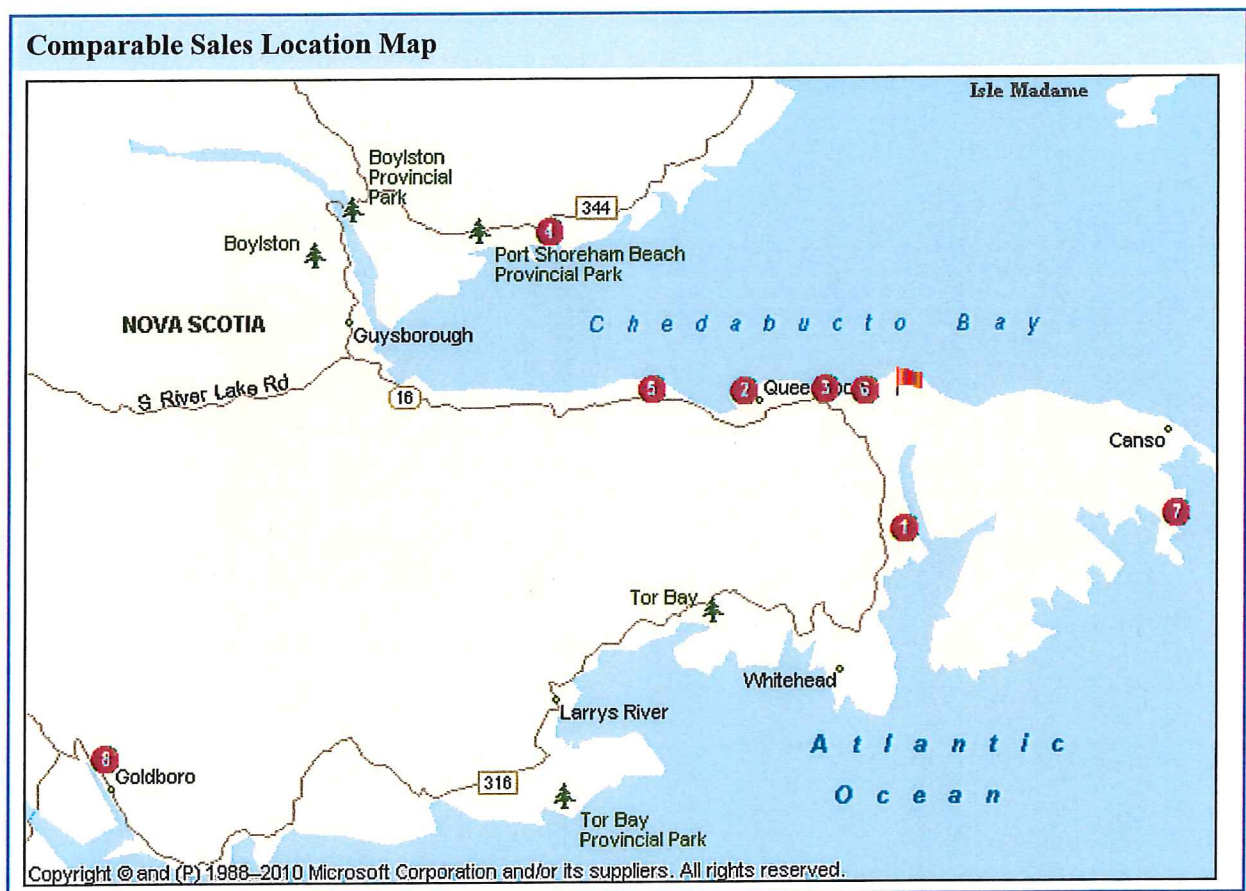
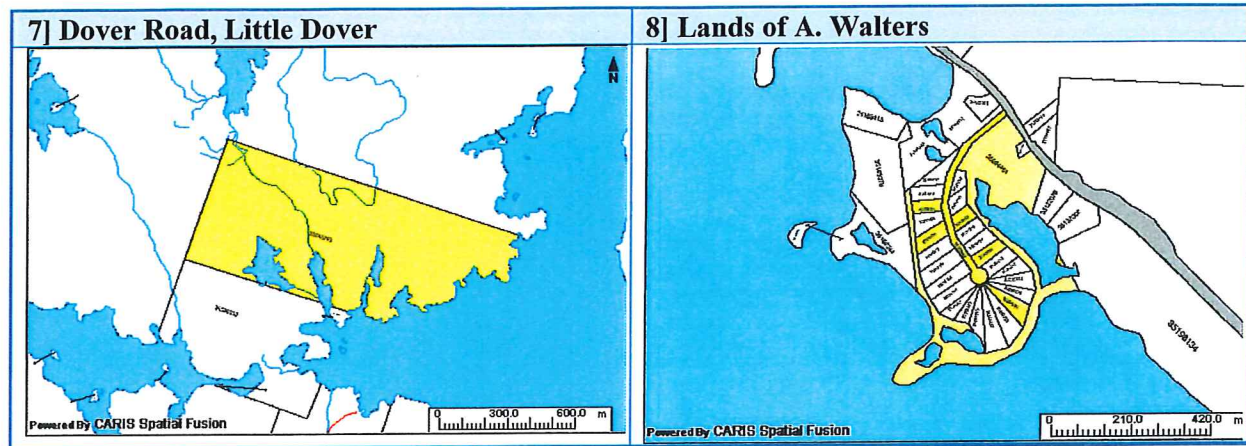


5] Highway 16, Halfway Cove



6] Lands of E. Franz (shows PID 35037290)





QUALIFICATIONS OF JOHN A. INGRAM, AACI, P. APP., MRICS

<u>Professional Designations:</u>	Accredited Appraiser Canadian Institute (AACI) Member of the Royal Institute of Chartered Surveyors (MRICS)
<u>Position:</u>	President - ARA Ingram Varner
<u>Experience:</u>	<p>Property Types - All classes of income and investment property including office, retail, industrial, multi residential and hospitality industry as well as special purpose, institutional properties and land.</p> <p>Valuation Purposes - Portfolio and Asset Valuation Assessment Review and Appeal Expropriation Purchase/Sale, Financing, Foreclosure Market Studies and Feasibility Analysis Replacement Cost for Insurance Coverage Litigation Support and Arbitration</p> <p>Client Categories - REIT's and Pension Funds Chartered Banks, Life and Trust Companies Property Mangers and Private Individuals Federal, Provincial and Municipal Governments</p>
<u>Expert Testimony:</u>	Nova Scotia Regional Assessment Appeal Court Nova Scotia Utility and Review Board Federal Court of Appeal
<u>Related Education:</u>	Diploma of Appraisal - Assessment Technology Cabot Institute - St. John's, NL
	Numerous seminars and courses covering a broad range of appraisal related topics
<u>Professional Background:</u>	Past President - Nova Scotia Association of the Appraisal Institute of Canada (AIC) Past Member - Professional Liability Insurance Committee of the AIC Past Chair - NSREAA Committee of Examiners Past Chair - Adjudicating Committee of the AIC Tutor/Grader for BUSI 499 Guided Case Study course - UBC Faculty of Commerce and Business Administration - Real Estate Division. Delivered seminars, speeches and authored articles on appraisal related topics.
<u>Memberships:</u>	Appraisal Institute of Canada (AIC) Royal Institute of Chartered Surveyors (RICS) Nova Scotia Real Estate Appraisers Association (NSREAA)