

CANADA

**PROVINCE OF QUÉBEC
DISTRICT OF QUÉBEC**

NO:200-06-000138-118

**(Class Action)
SUPERIOR COURT**

DRAKKAR CAPITAL [REDACTED]

Petitioner;

V.

ARMTEC INFRASTRUCTURE INC. [REDACTED]

and

CHARLES M. PHILLIPS [REDACTED]

and

JAMES R. NEWELL [REDACTED]

and

ROBERT J. WRIGHT [REDACTED]

and

RON V. ADAMS [REDACTED]

and

DON W. CAMERON [REDACTED]

and

BRIAN W. JAMIESON [REDACTED]

and

JOHN E. RICHARDSON [REDACTED]

and

MICHAEL S. SKEA [REDACTED]

Respondents.

MOTION TO AUTHORIZE THE BRINGING OF A CLASS ACTION AND TO OBTAIN THE STATUS OF REPRESENTATIVE

(ARTICLE 1002 CCP AND FOLLOWING)

TO ONE OF THE HONOURABLE JUSTICES OF THE QUÉBEC SUPERIOR COURT, SITTING IN AND FOR THE DISTRICT OF QUÉBEC, YOUR PETITIONER STATES AS FOLLOWS:

General presentation

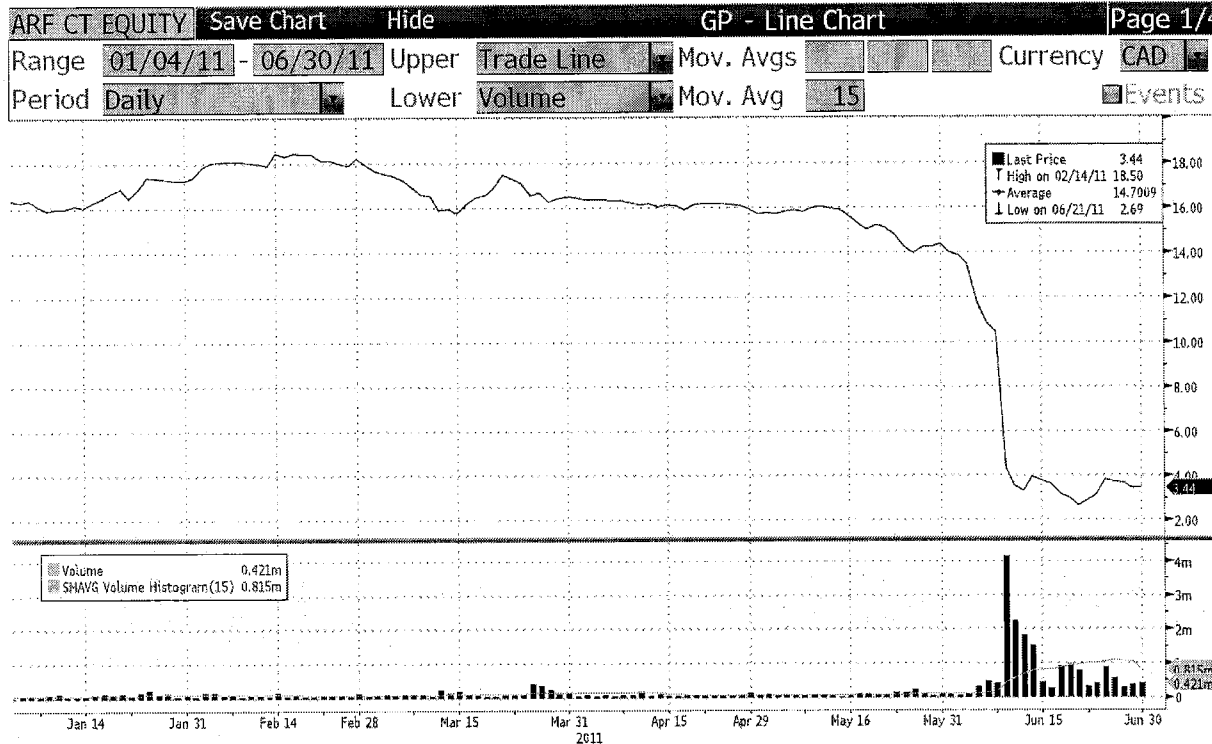
1. The Petitioner wishes to institute a class action on behalf of the following group, of which he is a member (the "Group"):

"All persons and entities, wherever they may reside or be domiciled (other than the Respondents, members of the immediate family of each Individual Respondent, any officers, directors or senior employees of Armtec, or any subsidiary thereof, any entity in respect of which any such person or entity has a legal or de facto controlling interest, and the legal representatives, heirs, successors or assigns of any such person or entity), who purchased or otherwise acquired securities of Armtec, from and including March 30, 2011 to and including June 8, 2011 (the "Class Period");

or such other group definition as may be approved by the Court.

2. This action arises out of the Respondents' acts and omissions in relation to the dissemination of:
 - (a) Armtec's preliminary short form prospectus dated March 30, 2011 qualifying the distribution of 3,565,000 common shares of Armtec at a price of \$16.20 per common share (the "Preliminary Prospectus"); and
 - (b) Armtec's final short form prospectus dated April 6, 2011 qualifying the distribution of 3,565,000 common shares of Armtec at a price of \$16.20 per common share (the "Prospectus").
3. Both the Preliminary Prospectus and the Prospectus contained a misrepresentation. The Respondents' acts and omissions were in violation of their statutory obligations, misled Armtec's investors, and resulted in substantial loss and damage to the Petitioner and the other Members of the Group.
4. In April 2011, Armtec raised gross proceeds of \$57,753,000 through the distribution of common shares of Armtec pursuant to the Prospectus (the "Prospectus Offering").
5. The Preliminary Prospectus and the Prospectus did not contain full, true and plain disclosure of all material facts relating to the securities issued pursuant to the Prospectus. In particular, the Preliminary Prospectus and the Prospectus failed to disclose the material facts that: (i) the performance of Armtec's Engineered Solutions business (the "ES Business") in the three-month period ended March 31, 2011 ("Q1/2011") was adversely affected by deteriorating margins; and (ii) the performance of Armtec's Construction and Infrastructure Applications business (the "CIA Business") in Q1/2011 was adversely affected by unprecedented weather conditions (the "Adverse Material Facts").
6. The Adverse Material Facts constituted material facts for the purposes of the *Securities Act*, RSQ, c V-1.1 (the "*Securities Act*") and the "Other Canadian Securities Legislation"¹, and were required under the *Securities Act* and the Other Canadian Securities Legislation to be disclosed in the Preliminary Prospectus and the Prospectus.
7. As a result of the failure to disclose the Adverse Material Facts, the Petitioner and the other Members of the Group purchased securities of Armtec at artificially inflated prices, and have incurred significant damages.
8. On June 8, 2011, approximately two months after the closing of the Prospectus Offering, Armtec released its Q1/2011 financial results. Armtec reported that the company's financial results in Q1/2011 were adversely impacted by the Adverse Material Facts.

¹ collectively, the *Securities Act*, RSA 2000, c S-4; the *Securities Act*, RSBC 1996, c 418; *The Securities Act*, CCSM c S50; the *Securities Act*, SNB 2004, c S-5.5; the *Securities Act*, RSNL 1990, c S-13; the *Securities Act*, SNWT 2008, c 10; the *Securities Act*, RSNS 1989, c 418; the *Securities Act*, S Nu 2008, c 12; the *Securities Act*, RSPEI 1988, c S-3.1; the *Securities Act*, RSQ c V-1.1; *The Securities Act, 1988*, SS 1988-89, c S-42.2; and the *Securities Act*, SY 2007, c 16, all as amended.



9. Upon this disclosure, Armtec's stock value plummeted, on extraordinarily heavy trading volume, from \$10.45 at the close of trading on the Toronto Stock Exchange ("TSX") on June 8, 2011, to \$4.35 at the close of trading on the TSX on June 9, 2011, representing a 59% decline. The chart below shows the price of Armtec's shares on the TSX between January 4, 2011 and June 30, 2011.

10. This action is now brought to recover the losses of the Members of the Group from those who caused them: the Respondents.

11. The relief that the Petitioner seeks includes the following:
 - (a) damages in an amount equal to the losses that it and the other Members of the Group suffered as a result of purchasing or acquiring the securities of Armtec at inflated prices during the Class Period;
 - (b) a declaration that the Preliminary Prospectus and the Prospectus contained a misrepresentation, both at law and within the meaning of the *Securities Act*;
 - (c) a declaration that the Respondents owed a duty of care to the Members of the Group and that they breached that duty of care by issuing or permitting to be issued the Preliminary Prospectus and the Prospectus while they contained a misrepresentation;
 - (d) a declaration that Armtec is vicariously liable for the acts and/or omissions of Phillips, Newell, Wright, Adams, Cameron, Jamieson, Richardson and Skea (the "Individual Respondents"), and of its other officers, directors and employees; and

- (e) leave to assert the causes of action set forth in Title VIII, Chapter II, Division II of the *Securities Act* and the equivalent provisions of the Other Canadian Securities Legislation.

The Petitioner

12. The Petitioner, Drakkar Capital, is one of thousands of investors who purchased shares of Armtec during the Class Period and continued to hold shares of Armtec when the price of Armtec's securities declined due to the correction of the misrepresentation alleged herein.
13. During the Class Period, the Petitioner purchased 22,500 Armtec shares over the TSX. By the end of the Class Period, the Petitioner continued to hold 9,900 of those shares of Armtec. **[Particulars of the Petitioner's Class Period transactions are attached hereto as P-1].**

The Respondents

14. Armtec is incorporated pursuant to the laws of the Province of Ontario and maintains its head office and registered office in Guelph, Ontario. Armtec also has three offices in the Province of Québec: in St-Augustin de Desmaures, St-Clet and Saint-Jean-sur-Richelieu.
15. Armtec is the successor of Armtec Infrastructure Income Fund (the "Armtec Fund"), an unincorporated entity that was established pursuant to the laws of Ontario in July 2004. Pursuant to a plan of arrangement effective January 1, 2011, the Armtec Fund converted from an income fund to a corporation, Armtec. Armtec commenced carrying on the business previously conducted by the Armtec Fund.
16. At all material times, Armtec has been a reporting issuer in Québec and all other Canadian provinces. Armtec's shares trade on the TSX and several other marketplaces in Canada under the ticker symbol "ARF". Armtec's debentures trade on the TSX under the ticker symbol "ARF.DB".
17. Armtec is in the business of manufacturing and marketing infrastructure and engineered construction solutions. Armtec's business comprises the ES Business and the CIA Business.
18. Through its subsidiaries, Armtec has major operations in the Province of Québec. In particular, on April 28, 2009, Armtec announced:

Armtec Infrastructure Income Fund (the "Fund") (TSX: ARF.UN) today announced that it has signed an agreement to acquire the assets of Groupe Tremca Inc. ("Groupe Tremca") for approximately \$45 million. The transaction is expected to close in early May 2009 subject to the satisfaction of customary closing conditions.

Based in Saint-Jean-Sur-Richelieu, Québec, Groupe Tremca is a market leader in the manufacture of precast concrete and infrastructure products in Québec.

[...]

"Groupe Tremca's addition to our Con-Force division will significantly strengthen the Fund's competitive position in the Québec marketplace, which is one of the most active infrastructure markets in the country" said Charles Phillips, the Fund's President and Chief Executive Officer. "We expect this acquisition to be immediately accretive to earnings and distributable cash flow. The transaction together with our recent equity issuance and the amended terms of the Credit Facilities, will add to the financial strength and flexibility of the Fund going forward."

"With annual sales of approximately \$28 million and 180 employees, *Groupe Tremca is a well-established Québec business* with a solid reputation and a gifted management team. The Groupe Tremca product line is complementary to ours and will significantly enhance the Con-Force division's product offering to customers in Québec."

"With today's announcement, Groupe Tremca and its employees are pleased to join Armtec Infrastructure Income Fund so that *we can continue to grow our business and strengthen the Fund's precast market position in Québec,*" said Eric Caron, President, Groupe Tremca. "This transaction provides a strong platform for Groupe Tremca and the Fund to grow in the region, ensuring a solid future for the Groupe Tremca brand, its employees and customers. I am confident that our collaboration will deliver an *enhanced competitive presence in Québec's precast concrete markets,* and that together we will strengthen our market position in the region."

[emphasis added]

19. On May 11, 2009, the Armtec Fund announced that it had completed the above acquisition of the assets of Groupe Tremca Inc.
20. Subsequently, in its Annual Report for 2009, Armtec stated that. "[w]ith its complementary product line and customer base, the addition of Groupe Tremca to the Armtec roster significantly strengthens the Fund's competitive position in the Québec marketplace, which remains one of the most active infrastructure markets in Canada."
21. The Respondent Charles M. Phillips is an individual residing in Ontario. He is the President, Chief Executive Officer and a director of Armtec. He has served as Armtec's President and Chief Executive Officer since January 1999, and has been a director since December 2010. Phillips executed a certificate attached to the Preliminary Prospectus and the Prospectus certifying that the Preliminary Prospectus and the Prospectus contained full, true and plain disclosure of all material facts relating to the securities offered under the Preliminary Prospectus and the Prospectus.

22. The Respondent James R. Newell is an individual residing in Ontario. He is Armtec's Chief Financial Officer and has held that position since 2008. Newell executed a certificate attached to the Preliminary Prospectus and the Prospectus certifying that the Preliminary Prospectus and the Prospectus contained full, true and plain disclosure of all material facts relating to the securities offered under the Preliminary Prospectus and the Prospectus.
23. The Respondent Don W. Cameron is an individual residing in Nova Scotia. He is a director of Armtec and a member of Armtec's Corporate Governance and Compensation Committee. Cameron has been a director of Armtec since January 2011. Cameron executed a certificate attached to the Preliminary Prospectus and the Prospectus certifying that the Preliminary Prospectus and the Prospectus contained full, true and plain disclosure of all material facts relating to the securities offered under the Preliminary Prospectus and the Prospectus.
24. The Respondent Michael S. Skea is an individual residing in Ontario. He is a director of Armtec and the Chair of Armtec's Corporate Governance and Compensation Committee. Skea has been a director of Armtec since July 2004. Skea executed a certificate attached to the Preliminary Prospectus and the Prospectus certifying that the Preliminary Prospectus and the Prospectus contained full, true and plain disclosure of all material facts relating to the securities offered under the Preliminary Prospectus and the Prospectus.
25. The Respondent Robert J. Wright is an individual residing in Ontario. He is a director of Armtec, the company's Chairman, and a member of Armtec's Audit Committee. Wright has been a director of Armtec since July 2007.
26. The Respondent Brian W. Jamieson is an individual residing in Ontario. He is a director of Armtec, the Chair of Armtec's Audit Committee and a member of the Corporate Governance and Compensation Committee. Jamieson has been a director of Armtec since July 2004.
27. The Respondent John E. Richardson is an individual residing in Ontario. He is a director of Armtec and a member of Armtec's Audit Committee. Richardson has been a director of Armtec since July 2004.
28. The Respondent Ron V. Adams is an individual residing in British Columbia. He is a director of Armtec, and has held that position since December 2009.

Armtec's Prospectus Disclosure Obligations

29. Pursuant to Title VIII, Chapter II, Division I of the *Securities Act* and the equivalent provisions of the Other Canadian Securities Legislation, the Respondents were obliged to provide full, true and plain disclosure in the Preliminary Prospectus and the Prospectus of all material facts relating to the securities issued or proposed to be distributed thereby, and to comply with securities laws.
30. Under Item 18 of Form 44-101F1 – Short Form Prospectus (attached to National Instrument 44-101 – Short Form Prospectus Distributions), Armtec was required to provide "particulars of any material facts about the securities being distributed that are not disclosed under any other items or in the documents incorporated by reference into

the short form prospectus and are necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.”

The Prospectus

31. On March 30, 2011, Armtec filed the Preliminary Prospectus on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators (“SEDAR”) and with securities regulators in Canada.
32. On April 6, 2011, Armtec filed the Prospectus on SEDAR and with securities regulators in Canada.
33. On April 13, 2011, Armtec issued and filed on SEDAR a news release announcing the closing of the Prospectus Offering. The period of distribution pursuant to the Prospectus ran from April 6, 2011 to April 13, 2011.
34. By way of the Prospectus, Armtec distributed to the public 3,565,000 common shares at a price of \$16.20 per share for gross proceeds of \$57,753,000. Net proceeds to Armtec were \$55,442,880.
35. The Preliminary Prospectus and the Prospectus failed to disclose the Adverse Material Facts, and thus contained a misrepresentation.

Deteriorating Margins in the ES Business

36. In the ES Business, Armtec provides engineered products, including multiple bridge structures, slabs and components, noise control solutions, building wall and flooring systems and parking structure and sports venue slabs and components. The ES Business accounted for 64% of Armtec’s revenues in Q1/2011.
37. During 2010, the ES Business suffered from compressed margins. The projects undertaken in 2010 were booked during the recession and these projects had lower margin expectations and were more complex to complete.
38. In Q1/2011, margins in the ES Business deteriorated further. Armtec’s overall gross margin as a percentage of revenue was 6.4% in Q1/2011, compared to 11.9% in the first quarter of 2010, 18.7% in the fourth quarter of 2010 and 22.2% for FY2010, which were similarly affected by compressed margins in the ES Business. These facts were not disclosed in the Preliminary Prospectus or the Prospectus, although they were required to be disclosed in order to make the statements made in those documents not misleading, and although the Respondents ought to have known of these facts.
39. An analyst report issued by Canaccord Genuity on June 9, 2011 stated in part that:

[M]argins were much lower than anticipated and EBITDA was (\$4.7) million compared to our \$0.8 million estimate and the Street at (\$1.8) million. The gross margin in Q1/2011 was 6.4% versus 11.9% in [the first quarter of] 2010 and our 23.0% estimate. The decline in the gross margin versus last year reflected [...] (ii) the continued effects on current projects of the competitive recessionary pricing environment (*which we thought*

would abate not intensify), (iii) delays of certain customer schedules (*we thought that was over with*) and, (iv) particularly in the Prairie region, production inefficiencies associated with the delays impacting several ES projects undertaken during 2010 and commencing in 2011 (*news to us*).

[Emphasis added.]

Unprecedented Weather Conditions Negatively Affected the CIA Business

40. In the CIA Business, Armtec provides construction and infrastructure solutions, including precast concrete products, high density polyethylene products and steel products. The CIA Business accounted for 36% of Armtec's revenues in Q1/2011.
41. In Q1/2011, the CIA Business was adversely affected by what Armtec described as "unprecedented weather conditions". Revenue from the CIA Business in Q1/2011 was 15.9% lower than the revenue generated by the CIA Business in the corresponding quarter in 2010.
42. In particular, the unfavourable weather conditions adversely affected the performance of the CIA Business in the last two weeks of March. During a conference call that Armtec hosted on June 9, 2011 to discuss its Q1/2011 results, Phillips stated:

Well, the unique aspects of our industry are that we do have a very substantial ramp up that tends to occur as we get into the construction season and so, one of the great challenges is that the biggest driver of first quarter performance is the last two weeks of March. And so, what actually happened in the last two weeks of March in just about every part of the country in which we operated was a return to very wintry weather conditions. And so that certainly wasn't something that we had seen historically and that impacted things.

43. On June 24, 2011, Armtec filed on SEDAR a letter to shareholders that highlighted that the performance of the ES Business in Q1/2011 had been adversely affected by unusually poor weather. The letter reads in part:

In the [first] quarter, our Construction and Infrastructure Applications ("CIA") product volumes were lower due to less favourable weather conditions following a traditional cold winter and a wet, late spring.

44. Although the Preliminary Prospectus and the Prospectus were completed and released at or after the end of the first quarter, when these facts were available to, and ought to have been known by, the Respondents, these facts were not disclosed in the Preliminary Prospectus or the Prospectus. These facts were material to the value of Armtec's securities, as they were critical to Armtec's ability to continue paying dividends, which was a very significant benefit of ownership of Armtec's common shares.

Payment of Dividends by Armtec

45. Beginning in 2011, Armtec announced that it anticipated declaring dividends of \$0.40 per common share per quarter. The payment of this dividend was a significant benefit of ownership of Armtec's shares.
46. The payment of dividends to Armtec's shareholders is, however, restricted by negative covenants contained in the agreements governing Armtec's credit facilities and senior unsecured notes. Armtec must meet leverage and earnings tests in order to be permitted to pay dividends.
47. On June 8, 2011, Armtec announced that it was indefinitely suspending payment of the quarterly dividend because it could not meet the earnings test on its senior unsecured notes that would permit Armtec to pay dividends.

The Truth is Revealed

48. On June 8, 2011, approximately two months after the closing of the Prospectus Offering, Armtec issued and filed on SEDAR a news release announcing its Q1/2011 financial results.
49. In the news release, Armtec revealed for the first time the Adverse Material Facts.
50. That news release reads in part:

"In the first quarter of 2011, Armtec's financial results reflected the margin compression in our ES business due to the complex nature of some of the projects, coupled with recession-level bid margins. The adverse impact of these contracts will be progressively reduced as they are completed, and our order backlog is rebuilt with more traditional work. In our CIA business, the 2011 installation season has been negatively affected by a late, wet spring relative to the first half of 2010, which recorded higher sales volumes as a result of more favourable weather conditions and government stimulus spending programs," said Charles M. Phillips, President and Chief Executive Officer. "The continuing impact of lower margin levels and the poor weather conditions have affected our ability to achieve the level of earnings required by the Senior Notes in order to pay dividends. Accordingly Armtec is suspending payment of its quarterly dividend until further notice. Looking ahead, our ES business is expected to improve toward the end of 2011, although gross margins are not expected to fully rebound to pre-recession levels. Armtec's business remains sound."

51. The June 8, 2011 press release therefore disclosed for the first time:
 - (a) the significant impact of weather conditions in Q1/2011 on Armtec's financial results in that quarter; and
 - (b) the further compression of Armtec's already tight margins relating to the ES Business.

52. Upon this disclosure, Armtec's stock value plummeted, on extraordinarily heavy trading volume, from \$10.45 at the close of trading on the TSX on June 8, 2011 to \$4.35 at the close of trading on the TSX on June 9, 2011, representing a 59% decline.

The Respondents' Fault

Statutory Liability – Primary Market

53. On behalf of those Members of the Group who purchased or otherwise acquired securities of Armtec during the period of distribution, or during distribution to the public, of securities offered by the Prospectus (the "Prospectus Purchasers"), the Petitioner pleads Title VIII, Chapter II, Division I of the *Securities Act* and the equivalent provisions of the Other Canadian Securities Legislation.
54. As alleged more particularly above, the Prospectus contained untrue statements of material facts and/or omitted to state material facts that were required to be stated and/or that were necessary to make such statements not misleading in the light of the circumstances in which they were made.
55. Further, the Individual Respondents failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation in the Prospectus.
56. As a result of the foregoing, the Prospectus Purchasers suffered damage.
57. The Prospectus was prepared by the Respondents for the purpose of (i) promoting the sale of Armtec's shares to the Prospectus Purchasers; and (ii) secondarily, satisfying the regulatory requirements in order to permit those shares to be offered to the public.
58. The Respondents owed a duty to the Prospectus Purchasers, at law and as informed by the provisions of the *Securities Act* and the Other Canadian Securities Legislation, to ensure that the Prospectus provided full, true and plain disclosure of all material facts and to ensure that the shares sold pursuant to the Prospectus were offered at a price that reflected the disclosure contained in the Prospectus.
59. The Respondents had exclusive access to the relevant information concerning the status of Armtec's operations, prospects and financial position. That exclusive access requires that the duty owed by the Respondents is a stringent one because the Prospectus Purchasers had no alternative means to access information material to the value of the shares sold pursuant to the Prospectus, which information was necessary to make an informed investment decision.
60. The reasonable standard of care expected in the circumstances therefore required the Respondents to take or cause to be taken all reasonable steps to ensure that the Prospectus contained full, true and plain disclosure of all facts that might reasonably be expected to impact the value of the shares sold pursuant to the Prospectus, including the Adverse Material Facts.
61. The Respondents ought to have known of the Adverse Material Facts at the time of the Prospectus Offering. The Adverse Material Facts were facts arising in Q1/2011, while the Prospectus was not finalized until after the end of Q1/2011.

62. The Respondents, or some of them, failed to meet the standard of care required in that they offered Armtec's shares for sale pursuant to the Prospectus despite the fact that information material to the value of those shares was misrepresented or omitted from the Prospectus.
63. But for the fault of the Respondents, the offering conducted pursuant to the Prospectus would not have been completed or, in the alternative, the securities offered pursuant thereto would have been offered at a substantially lower price per security.
64. The Respondents' fault has, therefore, resulted in damage to the Prospectus Purchasers.

Negligent Misrepresentation

65. On behalf of those Members of the Group who purchased or otherwise acquired securities of Armtec during the Class Period in the secondary market (the "Secondary Market Purchasers"), the Petitioner pleads negligent misrepresentation.
66. The Preliminary Prospectus and the Prospectus were prepared partly for the purpose of attracting investment and inducing members of the investing public to purchase Armtec securities, and Armtec and the Individual Respondents knew at all material times that those documents had been prepared for that purpose, and that the Secondary Market Purchasers would rely reasonably and to their detriment upon such documents in making the decision to purchase Armtec securities in the secondary market.
67. Armtec and the Individual Respondents further knew that the information contained in the Preliminary Prospectus and the Prospectus would be incorporated into the price of Armtec's publicly traded securities such that the trading price of those securities would at all times reflect the information contained in the Preliminary Prospectus and the Prospectus.
68. Armtec and the Individual Respondents therefore had a duty, informed by the *Securities Act* and the Other Canadian Securities Legislation, to exercise due care and diligence to ensure that the Preliminary Prospectus and the Prospectus contained full, true and plain disclosure of all material facts relating to the securities issued thereunder.
69. Armtec and the Individual Respondents breached that duty by issuing, or permitting the issuance of, the Preliminary Prospectus and the Prospectus in circumstances where those documents did not disclose the Adverse Material Facts.
70. In addition, each of Phillips, Newell, Cameron and Skea breached that duty by executing a certificate attached to the Preliminary Prospectus and the Prospectus certifying that the Preliminary Prospectus and the Prospectus contained full, true and plain disclosure of all material facts relating to the securities offered under the Preliminary Prospectus and the Prospectus, in circumstances where those documents did not disclose the Adverse Material Facts.
71. The Petitioner and the other Secondary Market Purchasers directly or indirectly relied upon the Preliminary Prospectus and the Prospectus in making a decision to purchase the securities of Armtec.

72. Alternatively, the Petitioner and the other Secondary Market Purchasers relied upon the Preliminary Prospectus and the Prospectus by the act of purchasing Armtec securities in an efficient market that promptly incorporated into the price of those securities all public and material information regarding the securities of Armtec. As a result, Armtec's failure to disclose the Adverse Materials Facts in the Preliminary Prospectus and the Prospectus caused the price of Armtec's securities to trade at inflated prices during the Class Period, thus directly resulting in damage to the Petitioner and the other Secondary Market Purchasers.

Vicarious Liability of Armtec

73. Armtec is vicariously liable for the acts and omissions of the Individual Respondents particularized in this claim.
74. The acts or omissions particularized and alleged herein to have been done by Armtec were authorized, ordered and done by the Individual Respondents, and other agents, employees and representatives of Armtec while engaged in the management, direction, control and transaction of its business and affairs. Such acts and omissions are, therefore, not only the acts and omissions of the Individual Respondents, but are also the acts and omissions of Armtec.
75. At the time of the Prospectus Offering, the Individual Respondents were officers and/or directors of Armtec. As their actions independently give rise to liability, the Individual Respondents are personally liable for same to the Petitioner and the other Members of the Group.

Statutory Liability – Secondary Market

76. The Petitioner and the Secondary Market Purchasers may seek to assert a claim under Title VIII, Chapter II, Division II of the *Securities Act* and the equivalent provisions of the Other Canadian Securities Legislation. The Petitioner may deliver a notice of motion seeking, among other things, an order granting leave to bring the statutory causes of action found in Title VIII, Chapter II, Division II of the *Securities Act* and the equivalent provisions of the Other Canadian Securities Legislation, and, if leave is sought and granted, the Petitioner will plead the causes of action set out in Title VIII, Chapter II, Division II of the *Securities Act* and the equivalent provisions of the Other Canadian Securities Legislation.

Damages

77. As a result of the Respondents' acts and omissions, the Petitioner and the other Members of the Group purchased Armtec's securities during the Class Period at substantially inflated prices, and sustained losses when Armtec belatedly disclosed the truth.
78. The Petitioner and other Members of the Group are also entitled to recover, as damages or costs, the costs of administering the plan to distribute the recovery in this action.

Conditions required to institute a class action

79. The composition of the Group makes the application of article 59 or 67 C.C.P. impracticable for the following reasons:

- The number of persons included in the Group is estimated to be several thousand;
 - The names and addresses of persons included in the group are not known to the Petitioner (but are likely to be known to Respondents);
 - All the facts alleged in the preceding paragraphs make the application of articles 59 or 67 C.C.P. impossible.
80. The claims of the Members of the Group raise identical, similar or related questions of fact or law, namely:
- Did the Respondents authorize or issue false and/or misleading public information?
 - Did the Respondents' misrepresentation cause the share price of Armtec's stock to be artificially inflated during the Class Period?
 - Did the Respondents therefore commit a fault towards the Petitioner and the Members of the Group, thereby engaging their liability?
 - What prejudice was sustained by the Petitioner and the Members of the Group as a result of the Respondents' faults?
 - Are the Respondents jointly responsible for the damages sustained by each of the members?
81. The interests of justice weigh in favour of this motion being granted in accordance with its conclusions.

Nature of the action and conclusions sought

82. The action that the Petitioner wishes to institute for the benefit of the Members of the Group is an action in damages;
83. The conclusions that the Petitioner wishes to introduce by way of a motion to institute proceedings are:

GRANT the Petitioner's action against the Respondents;

CONDEMN Respondents to pay to the Members of the Group compensatory damages for all monetary losses;

GRANT the class action of the Petitioner on behalf of all the Members of the Group;

ORDER the treatment of individual claims of each Member of the Group in accordance with articles 1037 to 1040 C.C.P.;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Québec* and with full costs and expenses including expert fees and notice expenses;

84. The Petitioner suggests that this class action be exercised before the Superior Court in the district of Québec for the following reasons:
- A great number of the Members of the Group resides in the judicial district of Québec and in the appeal district of Québec;
 - Armtec has an establishment in the judicial district of Québec.
 - The Petitioner and its lawyers are domiciled in the district of Québec.
85. The Petitioner, who is requesting to obtain the status of representative, will fairly and adequately protect and represent the interest of the Members of the Group for the following reasons:
- the Petitioner understands the nature of the action;
 - the Petitioner is available to dedicate the time necessary for an action to collaborate with Members of the Group; and
 - the Petitioner's interests are not in conflict with those of other Members of the Group.
86. The present motion is well-founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT:

GRANT the present motion;

AUTHORIZE the bringing of a class action in the form of a motion to institute proceedings in damages;

ASCRIBE the Petitioner the status of representative of the persons included in the group herein described as:

All persons and entities, wherever they may reside or be domiciled (other than the Respondents, members of the immediate family of each Individual Respondent, any officers, directors or senior employees of Armtec, or any subsidiary thereof, any entity in respect of which any such person or entity has a legal or de facto controlling interest, and the legal representatives, heirs, successors or assigns of any such person or entity), who purchased or otherwise acquired securities of Armtec, from and including March 30, 2011 to and including June 8, 2011 (the "Class Period"),

or such other class definition as may be approved by the Court.

IDENTIFY the principle questions of fact and law to be treated collectively as the following:

- Did the Respondents authorize or issue false and/or misleading public information?
- Did the Respondents' misrepresentation cause the share price of Armtec's stock to be artificially inflated during the Class Period?
- Did the Respondents therefore commit a fault towards the Petitioner and the Members of the Group, thereby engaging their liability?
- What prejudice was sustained by the Petitioner and the Members of the Group as a result of the Respondents' faults?
- Are the Respondents jointly responsible for the damages sustained by each of the Members of the Group?

IDENTIFY the conclusions sought by the class action to be instituted as being the following:

GRANT the Petitioner's action against the Respondents;

DECLARE that the Respondents made the misrepresentations during the Class Period;

DECLARE that the Respondents made the misrepresentations negligently;

DECLARE that Armtec is vicariously liable for the acts and/or omissions of the Individual Respondents;

CONDEMN Respondents to pay to the Members of the Group compensatory damages in the amount of \$70 million, or such other sum as this Court finds appropriate for all monetary losses;

GRANT the class action of the Petitioner on behalf of all the Members of the Group;

ORDER the treatment of individual claims of each Member of the Group in accordance with articles 1037 to 1040 C.C.P.;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Québec* and with full costs and expenses including expert fees and notice fees;

DECLARE that all Members of the Group that have not requested their exclusion from the Group in the prescribed delay to be bound by any judgement to be rendered on the class action to be instituted;

FIX the delay of exclusion at 30 days from the date of the publication of the notice to the Members of the Group;

ORDER the publication of a notice to the Members of the Group in accordance with article 1006 C.C.P.;

THE WHOLE with costs to follow.

Québec, October 12, 2011

(s) SISKINDS, DESMEULES

SISKINDS, DESMEULES, AVOCATS

(Me Simon Hébert)

Lawyer for the Petitioner

SCHEDULE 1

NOTICE TO DEFENDANT

Take notice that the plaintiff has filed this action or application in the office of the Superior Court of the judicial district of Québec.

To file an answer to this action or application, you must first file an appearance, personally or by advocate, at the courthouse of Québec located at 300, boul. Jean-Lesage, Québec, G1K 8K6 within 10 days of service of this motion.

If you fail to file an appearance within the time limit indicated, a judgment by default may be rendered against you without further notice upon the expiry of the 10 day period.

If you file an appearance, the action or application will be presented *pro forma* before the court on December 9, 2011, at 9h00 a.m., in room 3.14 of the courthouse. On that date, the court may exercise such powers as are necessary to ensure the orderly progress of the proceeding or the court may hear the case, unless you have made a written agreement with the plaintiff or the plaintiff's advocate on a timetable for the orderly progress of the proceeding. The timetable must be filed in the office of the court.

These exhibits are available on request.

Quebec City October 12, 2011

(s) SISKINDS, DESMEULES

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(Me Simon Hébert)
Lawyers for the Petitioner

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC

COUR SUPÉRIEURE

NO : 200-06-006 138.118

DRAKKAR CAPITAL, Petitioner;

V.

ARMTEC INFRASTRUCTURE INC.,

And

CHARLES M. PHILLIPS,

and

JAMES R. NEWELL,

and

ROBERT J. WRIGHT,

and

RON V. ADAMS,

and

DON W. CAMERON,

and

BRIAN W. JAMIESON,

and

JOHN E. RICHARDSON,

and

MICHAEL S. SKEA,

Respondents.

MOTION TO AUTHORIZE THE BRINGING OF A CLASS
ACTION AND TO OBTAIN THE STATUS OF
REPRESENTATIVE

(Article 1002 CCP and following)

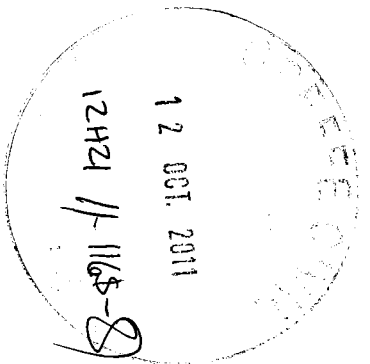
BB-6852

Casier 15

Mr. Simon Hébert

N/D : 67-103

SISKINDS, DESMEULES
| ANOPIATS
| SENCRI



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