

**BY-LAW NO. 1**

A by-law relating generally

to the transaction

of the business and affairs

of

**CANADIAN UTILITIES LIMITED**

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**CANADIAN UTILITIES LIMITED  
BY-LAW NO. 1**

BE IT ENACTED as a by-law of the Corporation as follows:

**SECTION ONE  
INTERPRETATION**

**1.01 DEFINITIONS**

In the by-laws, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act* and regulations thereunder and any statute or regulation that may be substituted therefor, as from time to time amended, and in the case of such substitution any references in the by-laws of the Corporation to a provision of the Act or regulations thereunder shall be read as references to the substituted provisions in the new statute, statutes or regulations;

"appoint" includes "elect" and vice versa;

"board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation;

"Corporation" means Canadian Utilities Limited;

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

"recorded address" means, in the case of a shareholder, his address as recorded in the securities register, and, in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one, and, in the case of a director, officer, auditor or member of a committee of the board, the latest address as recorded in the records of the Corporation;

"resident Canadian" means an individual who is

- (a) a Canadian citizen ordinarily resident in Canada;
- (b) a Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons; or
- (c) a permanent resident within the meaning of the *Immigration Act* (Canada) and ordinarily resident in Canada, except a permanent resident who has been ordinarily resident in Canada for more than one year after the time at which he first became eligible to apply for Canadian citizenship;

"signing officer" means, in relation to any instrument, any person authorized to sign it on behalf of the Corporation by section 2.04 or by a resolution of the board.

## 1.02 GENERAL

Except as stated above, words and expressions defined in the Act have the same meanings when used in the by-laws. Words importing the singular number include the plural and vice versa. Words importing a person include an individual, partnership, association, body corporate or personal representative. Words importing gender include the masculine, feminine and neuter genders.

## SECTION TWO BUSINESS OF THE CORPORATION

### 2.01 REGISTERED OFFICE

Until changed in accordance with the Act, the registered office of the Corporation shall be in the City of Edmonton, in the Province of Alberta, and at such location therein as the board may determine.

### 2.02 CORPORATE SEAL

The Corporation may, but need not, adopt a corporate seal and may change a corporate seal that is adopted. Any corporate seal adopted for the Corporation shall be such as the board may by resolution from time to time approve.

### 2.03 FINANCIAL YEAR

Until changed by the board, the financial year of the Corporation shall end on the 31st day of December in each year.

### 2.04 EXECUTION OF INSTRUMENTS

Deeds, transfers, mortgages, hypothecs, charges, conveyances, assignments, contracts, agreements, documents, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two of the following: the chairman of the board, vice chairman of the board, deputy chairman of the board, chief executive officer, president, any vice president, secretary, treasurer, assistant secretary or assistant treasurer or any other person holding an office created by by-law or by resolution of the board. The board may from time to time appoint any director or directors, or any officer or officers, or any other person or persons, on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing. The signature of any director, officer, or other person so authorized to sign may be engraved, lithographed or otherwise mechanically reproduced upon any negotiable instrument, bond, debenture, warrant or share certificate, and any negotiable instrument, bond, debenture, warrant or share certificate so signed shall be deemed to have been manually signed by the director, officer, or other person whose signature is so engraved, lithographed or otherwise mechanically reproduced and shall be as valid to all intents and purposes as if it had been manually signed and notwithstanding that any such director, officer, or other person whose signature is so reproduced may have ceased to hold office at the date of delivery or issue of such negotiable instrument, bond, debenture, warrant or share certificate. In addition, the board may direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring this.

## 2.05 BANKING ARRANGEMENTS

The banking business of the Corporation, including, without limitation, the borrowing of money and the giving of security, shall be transacted with such banks, trust companies and other persons as may be designated by or under the authority of the board. Such banking business or any part of it shall be transacted under such agreements, instructions and delegations of powers as the board may prescribe or authorize.

## 2.06 VOTING RIGHTS IN OTHER BODIES CORPORATE

The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such proxies, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

## 2.07 INFORMATION AVAILABLE TO SHAREHOLDERS

Subject to any applicable legislation or regulation, including, but not limited to, the Act, no shareholder shall be entitled to any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, is privileged or confidential or would not be in the best interest of the shareholders or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or any other applicable legislation or regulation or authorized by the board or by resolution passed at a meeting of shareholders.

## SECTION THREE BORROWING AND SECURITIES

### 3.01 BORROWING POWER

Without limiting the borrowing powers of the Corporation as set forth in the Act, the board may from time to time on behalf of the Corporation without the authorization of shareholders

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell, hypothecate or pledge debt obligations of the Corporation;
- (c) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

### 3.02 DELEGATION

The board may delegate to such one or more of the directors and officers of the Corporation, or a committee of directors, as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act, subject to any limitations imposed by the Act.

## SECTION FOUR DIRECTORS

### 4.01 NUMBER OF DIRECTORS AND QUORUM

The board shall consist of not fewer than the minimum and not more than the maximum number of directors fixed from time to time by the articles of the Corporation. Subject to section 4.09, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors or such greater number as the board may from time to time determine.

### 4.02 QUALIFICATION

No person shall be qualified for election as a director if he is less than 18 years of age, if he is of unsound mind and has been so found by a court in Canada or elsewhere, if he is not an individual, or if he has the status of a bankrupt. A director need not be a shareholder of the Corporation. Unless otherwise required or allowed by the Act, at least twenty-five percent of the directors shall be resident Canadians. However, subject to the Act, if the Corporation at any time has fewer than four directors, at least one director shall be a resident Canadian. At least two directors shall not be officers or employees of the Corporation or its affiliates. The board may declare vacant the office of any director who is incapacitated or unqualified.

### 4.03 ELECTION AND TERM

The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, if a maximum and minimum number of directors is authorized, be the number of directors then in office unless the directors or the shareholders otherwise determine, or shall, if a fixed number of directors is authorized, be such fixed number. Subject to the Act, the election shall be by ordinary resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

### 4.04 ELECTION OF DIRECTORS AT A MEETING THAT VARIES THE NUMBER OF DIRECTORS

If the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment.

### 4.05 REMOVAL OF DIRECTORS

Subject to the Act, the shareholders may by ordinary resolution passed at a special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the directors.

### 4.06 VACATION OF OFFICE

A director ceases to hold office when he dies, when he is removed from office by the shareholders, when he ceases to be qualified for election as a director, or when his written resignation is

sent or delivered to the Corporation or, if a time is specified in such resignation, at the time so specified, whichever is later.

#### 4.07 VACANCIES

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or the minimum or maximum number of directors or a failure to elect the number or minimum number of directors provided for in the articles. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number or minimum number of directors provided for in the articles, the directors then in office shall without delay call a special meeting of shareholders to fill the vacancy, and if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

#### 4.08 ACTION BY THE BOARD

The board shall supervise the management of the business and affairs of the Corporation. Subject to sections 4.09 and 4.10, the powers of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. If there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

#### 4.09 CANADIAN DIRECTORS PRESENT AT MEETINGS

Unless otherwise required or allowed by the Act, the board shall not transact business at a meeting, other than filling a vacancy in the board, unless at least twenty-five percent of the directors present are resident Canadians or, if the Corporation has fewer than four directors, at least one of the directors present is a resident Canadian, except where

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone, electronic or other communications facilities the business transacted at the meeting; and
- (b) the required number of resident Canadians would have been present had that director been present at the meeting.

#### 4.10 MEETING BY TELEPHONE AND OTHER MEANS

Subject to the Act and the consent of the other directors, a director may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board, and a director who attends a meeting is deemed to have so consented unless the director states otherwise.

#### 4.11 PLACE OF MEETINGS

Meetings of the board may be held at any place in or outside Canada.

#### 4.12 CALLING OF MEETINGS

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the vice chairman of the board, the deputy chairman of the board, the chief executive officer, the president or any two directors may determine, or as may be determined by

the secretary under the direction of the chairman of the board, the vice chairman of the board, the deputy chairman of the board, the chief executive officer, the president or any two directors.

#### 4.13 NOTICE OF MEETINGS

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.01 to each director not less than 24 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (f) pay a commission for the sale of shares;
- (g) approve a management proxy circular;
- (h) approve a take-over bid circular or directors' circular;
- (i) approve any annual financial statements; or
- (j) adopt, amend or repeal by-laws.

A director may (whether before or after a meeting) and in any manner waive notice of or otherwise consent to a meeting of the board. Attendance of a director at a meeting of directors is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

#### 4.14 FIRST MEETING OF NEW BOARD

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

#### 4.15 ADJOURNED MEETING

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have been terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

#### 4.16 REGULAR MEETINGS

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and no other notice shall be required for any such regular meeting except where the Act requires the purpose or the business to be transacted at the meeting to be specified.

#### 4.17 CHAIRMAN

The chairman of any meeting of the board shall be the first mentioned of the following officers who is a director and is present at the meeting: chairman of the board, vice chairman of the board, deputy chairman of the board, chief executive officer, president or a vice president. If no such officer is present, the directors present shall choose one of their number to be chairman.

#### 4.18 VOTES TO GOVERN

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

#### 4.19 CONFLICT OF INTEREST

A director or officer of the Corporation who is a party to a material contract or material transaction or proposed material contract or material transaction with the Corporation, or who is a director or an officer or an individual acting in a similar capacity of, or has a material interest in, any person who is a party to a material contract or material transaction or proposed material contract or material transaction with the Corporation, shall disclose the nature and extent of such interest at the time and in the manner provided in the Act. Except as provided in the Act, no such director shall vote on any resolution to approve such contract or transaction, but each such director may be counted to determine the presence of a quorum at the meeting of directors at which such vote is being taken.

No director shall be disqualified by his office from contracting with the Corporation, nor shall any contract or arrangement entered into by or on behalf of the Corporation with any director or in which any director is in any way interested be liable to be voided, nor shall any director so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established, provided that the director shall have complied with the Act.

#### 4.20 REMUNERATION AND EXPENSES

The directors shall be paid such remuneration for their services as the board may determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee. Nothing contained in the by-laws shall preclude any director from serving the Corporation in any other capacity or from receiving remuneration for such services.

#### 4.21 RESOLUTION IN LIEU OF MEETING

A resolution in writing, signed by all of the directors entitled to vote on that resolution at a meeting of the board or of a committee of the board, is as valid as if it had been passed at meeting of the board or of a committee of the board.

## SECTION FIVE COMMITTEES

### 5.01 COMMITTEES OF DIRECTORS

The board may appoint from its number a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise. The board may, from time to time, remove and appoint members of any committee as it sees fit.

### 5.02 TRANSACTION OF BUSINESS

Subject to the provisions of section 4.10, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by a resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of a committee may be held at any place in or outside of Canada.

### 5.03 PROCEDURE

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman, and to regulate its procedure.

## SECTION SIX OFFICERS

### 6.01 APPOINTMENT

The board may appoint a chairman of the board, a vice chairman of the board, a deputy chairman of the board, a chief executive officer, a president, one or more vice presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation.

### 6.02 CHAIRMAN OF THE BOARD

If appointed, the chairman of the board shall, when present, preside at all meetings of the board and of shareholders. The chairman shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the board or as are incidental to his office.

### 6.03 VICE CHAIRMAN OF THE BOARD

If appointed, the vice chairman of the board, in the absence or non-appointment of the chairman of the board, shall preside as chairman at all meetings of the board and of shareholders.

### 6.04 CHIEF EXECUTIVE OFFICER

If appointed, the chief executive officer shall have general supervision over the business and affairs of the Corporation, subject to the direction of the board. The chief executive officer shall have such other powers and shall perform such other duties as may from time to time be assigned to him by the board or as are incidental to his office.



#### 6.05 PRESIDENT

If appointed, the president shall have such powers and duties as the board or the chief executive officer may specify. During the absence or non-appointment of the chief executive officer, his duties may be performed and his powers may be exercised by the president, except that the president shall not preside at a meeting of the board or of shareholders if the president is not qualified to attend the meeting as a director or shareholder, as the case may be.

#### 6.06 VICE PRESIDENT

If appointed, a vice president shall have such powers and duties as the board, the chief executive officer or the president may specify or as are incidental to his office. During the absence or non-appointment of the president, his duties may be performed and his powers may be exercised by a vice president, except that no vice president shall preside at a meeting of the board or of shareholders if the vice president is not qualified to attend the meeting as a director or shareholder, as the case may be.

#### 6.07 SECRETARY

If appointed, the secretary shall attend and be the secretary of the meetings of the board and of shareholders and, where practicable, of committees of the board, and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings at such meetings. He shall give or cause to be given as and when instructed all notices to shareholders, directors, officers, the auditor and members of committees of the board, and he shall be the custodian of the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose. The secretary shall have such other powers and duties as the board, the chief executive officer or the president may specify or as are incidental to his office.

#### 6.08 TREASURER

Subject to the discretion of the board, the treasurer, if appointed, shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depository or depositories as designated by the board. He shall prepare and maintain adequate accounting records. The treasurer shall have such other powers and shall perform such other duties as the board, the chief executive officer or president may specify or as are incidental to his office.

#### 6.09 VARIATION OF POWERS AND DUTIES

The board may, subject to the Act, vary, add to or limit the powers and duties of any officer.

#### 6.10 TERM OF OFFICE

The board, in its discretion, may remove any officer of the Corporation without prejudice to such officer's rights under any employment contract. Unless removed by the board, each officer appointed by the board shall hold office until his successor is appointed or until his earlier resignation.

#### 6.11 TERMS OF EMPLOYMENT AND REMUNERATION

The terms of employment and the remuneration of any officer appointed by the board shall be approved by the board.

## 6.12 VACANCIES

If the office of the chairman of the board, the vice chairman of the board, the deputy chairman of the board, the chief executive officer, the president, any vice president, the secretary or the treasurer, or one or more of them, or any other office shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board by resolution may elect or appoint an individual to fill such vacancy.

## 6.13 CONFLICT OF INTEREST

An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with section 4.19.

## 6.14 AGENTS AND ATTORNEYS

The board shall have power to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

# SECTION SEVEN PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

## 7.01 LIMITATION OF LIABILITY

Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including reliance in good faith on

- (a) financial statements of the Corporation represented to the director by an officer of the Corporation or in a written report of the auditor of the Corporation fairly to reflect the financial condition of the Corporation; or
- (b) a report of a person whose profession lends credibility to a statement made by the person.

Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgement or oversight on his part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of his office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach thereof.

## 7.02 INDEMNITY

Subject to the Act but without limitation of the right of the Corporation to indemnify any person under the Act or otherwise, the Corporation shall indemnify a director or officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an

individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by the individual in respect of any civil, criminal, administrative or investigative action or other proceeding in which the individual is involved because of that association with the Corporation or other entity if, exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances,

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request, and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

The Corporation shall also indemnify any such person in such other circumstances as the Act or law permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law to the extent permitted by the Act or law.

#### 7.03 ADVANCE OF COSTS

The Corporation may advance moneys to any director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.02. The individual, however, shall repay the moneys to the Corporation if the individual does not fulfil the conditions set out in subsection 7.02(a) and, if applicable, subsection 7.02(b).

#### 7.04 INSURANCE

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person referred to in section 7.02 against any liability incurred by him in his capacity as a director or officer of the Corporation or as a director or officer, or similar capacity, of another entity if he acts or acted in that capacity at the Corporation's request.

### SECTION EIGHT SHARES

#### 8.01 OPTIONS

The board may issue options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

#### 8.02 COMMISSIONS

The board may authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

#### 8.03 REGISTRATION OF TRANSFERS

Subject to the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement, which complies with the

Act, made on the certificate or delivered with it duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may prescribe, upon payment of all applicable taxes and any fees prescribed by the board.

#### 8.04 SECURITIES RECORDS, TRANSFER AGENTS AND REGISTRARS

The Corporation shall maintain a securities register in which it records the securities issued by it in registered form, showing with respect to each class or series of securities those particulars that are required by the Act. The board may appoint one or more agents to maintain, in respect of each class or series of securities of the Corporation issued by it in registered form, a central securities register and one or more branch securities registers. Such a person may be designated as a transfer agent or registrar according to his functions, and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

#### 8.05 DEALING WITH REGISTERED HOLDERS

Subject to the Act and any other applicable legislation or regulation, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

#### 8.06 SHARE CERTIFICATES

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate shall be in such form as the board shall approve. Any share certificate shall be signed by two persons, each holding one of the offices contemplated by section 2.04, and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent or registrar. The signatures of both signing officers may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed in this manner shall be valid notwithstanding that one or both of the officers whose facsimile signature appears on it no longer holds office at the date of issue of the certificate.

#### 8.07 REPLACEMENT OF SHARE CERTIFICATES

The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, apparently destroyed or wrongfully taken on payment of such fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

#### 8.08 JOINT SHAREHOLDERS

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect of it, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give receipts for the certificate issued in respect of it or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

## 8.09 DECEASED SHAREHOLDERS

The Corporation shall not be required to make any entry in the securities register by reason of the death of a holder, or of one of the joint holders, of any share or to make payment of any dividends on the share except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

## SECTION NINE DIVIDENDS AND RIGHTS

### 9.01 DIVIDENDS

Subject to the Act, the board may declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. The Corporation may pay a dividend by issuing fully paid shares of the Corporation and, subject to the Act, the Corporation may pay a dividend in money or property.

### 9.02 DIVIDEND CHEQUES

A dividend payable in money shall be paid by cheque drawn on the Corporation's banks or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, or by electronic funds transfer to the bank account designated by a registered holder of shares of the class or series in respect of which it has been declared. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such a cheque, unless the same is not paid on due presentation, or the electronic funds transfer shall satisfy and discharge the liability for the dividend to the extent of the sum represented by it plus the amount of any tax which the Corporation is required to and does withhold.

### 9.03 NON-RECEIPT OF CHEQUES

In the event of non-receipt of any dividend cheque by the person to whom it is sent, the Corporation shall issue or cause to be issued to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board or dividend disbursing agent may prescribe, whether generally or in any particular case.

### 9.04 RECORD DATE FOR DIVIDENDS AND RIGHTS

The board may fix in advance a date, preceding by not more than 60 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than 7 days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

### 9.05 UNCLAIMED DIVIDENDS

Any dividend unclaimed after a period of six years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION TEN  
MEETINGS OF SHAREHOLDERS

10.01 ANNUAL MEETINGS

The annual meeting of shareholders shall be held at such time in each year and, subject to section 10.05, at such place as the board may determine, for the purposes of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, and appointing the auditor, and for the transaction of such other business as may properly be brought before the meeting.

10.02 SPECIAL MEETINGS

The board shall have power to call a special meeting of shareholders at any time.

10.03 PARTICIPATION IN MEETINGS BY ELECTRONIC MEANS

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation, in its sole discretion, makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

10.04 MEETINGS HELD BY ELECTRONIC MEANS

If the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, the directors may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

10.05 PLACE OF MEETINGS

Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the board shall so determine, at some other place in Canada.

10.06 NOTICE OF MEETINGS

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 11.01 not less than 21 nor more than 60 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice (as determined by reference to section 10.08) is entered in the securities register as the holder of one or more shares carrying the right to receive notice of the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit a shareholder to form a reasoned judgement thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder or any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

#### 10.07 LIST OF SHAREHOLDERS ENTITLED TO NOTICE

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to section 10.08, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the last business day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place at which the central securities register is maintained and at the meeting for which the list was prepared. For the purposes of this section 10.07, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to receive notice of such meeting shall be deemed to be a list of shareholders.

#### 10.08 RECORD DATE FOR NOTICE

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, as a record date for the determination of the shareholders entitled to receive notice of the meeting, and notice of any such record date shall be given not less than 7 days before such record date by newspaper advertisement and otherwise in the manner provided in the Act and by written notice to each stock exchange in Canada on which the shares of the Corporation are listed. If no record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the last business day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

#### 10.09 CHAIRMAN, SECRETARY AND SCRUTINEERS

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers who has been appointed and who is present at the meeting: chairman of the board, vice chairman of the board, deputy chairman of the board, president or a vice president. If no such officer is present within 30 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

#### 10.10 PERSONS ENTITLED TO BE PRESENT

The only persons entitled to be present at a meeting of shareholders shall be those entitled to receive notice of the meeting, the directors and officers and the auditor of the Corporation and others who, although not entitled to receive notice, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

#### 10.11 QUORUM

A quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote at the meeting or a duly appointed proxyholder for an absent shareholder so entitled, and together holding or representing by proxy not less than 25% of the outstanding shares of the Corporation entitled to vote at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout

the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

#### 10.12 RIGHT TO VOTE

Subject to applicable legislation or regulation, every person named in the list referred to in section 10.07 who holds shares carrying the right vote at a meeting shall be entitled to vote the shares shown thereon opposite his name at the meeting to which such list relates.

#### 10.13 PROXIES

Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder and one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be executed by the shareholder or his attorney authorized in writing and shall conform with the requirements of the Act. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof.

Alternatively, every such shareholder which is a body corporate or association may authorize, by resolution of its directors or governing body, an individual to represent it at a meeting of shareholders, and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution or in such other manner as may be satisfactory to the secretary of the Corporation or the chairman of the meeting.

If the shareholder of record is deceased, his personal representative, upon filing with the secretary of the meeting sufficient proof of his appointment, shall be entitled to exercise the same voting rights at any meeting of shareholders as the shareholder of record would have been entitled to exercise if he were living.

Any such proxyholder or representative need not be a shareholder.

#### 10.14 TIME FOR DEPOSIT OF PROXIES

The board may specify in a notice calling a meeting of shareholders a time not exceeding 48 hours, excluding non-business days, preceding the meeting or an adjournment of the meeting before which time proxies to be used at the meeting must be deposited with the Corporation or its agent. A proxy shall be acted upon only if, prior to the time so specified, it has been deposited with the Corporation or its agent specified in such notice or, if no such time is specified, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjourned meeting prior to the time of voting.

The board may from time to time make directives regarding the delivery of proxies at some place or places other than the place at which a meeting (or adjourned meeting) of shareholders is to be held. The board may also, from time to time, make directives regarding the particulars of such proxies to be provided, before such meeting is to be held, to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that proxies so delivered may be voted upon as though the proxies themselves were produced at the meeting, and votes given in accordance with such directives shall be valid and shall be counted. The chairman of any meeting of shareholders has, subject to any direction of the board, the discretion to accept any legible form of communication as to the authority of any person claiming to vote on behalf of and to represent a shareholder notwithstanding that no proxy conferring such authority has been delivered to the Corporation, and any votes given in



accordance with such communication accepted by the chairman of the meeting shall be valid and shall be counted.

#### 10.15 JOINT SHAREHOLDERS

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares, but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

#### 10.16 VOTES TO GOVERN

At any meeting of shareholders every, question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall be entitled to a second or casting vote.

#### 10.17 SHOW OF HANDS

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands or by such other indication of a vote made by means of the telephonic, electronic or other communication facility, if any, that the Corporation has made available for the purpose, unless a ballot is required or demanded as provided in section 10.18. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot is required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not been carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the question.

#### 10.18 BALLOTS

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken, the chairman may require a ballot or any shareholder or proxyholder who is present and entitled to vote on such question at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct, including wholly or partially by indication of a vote made by means of telephonic, electronic or other communication facility, if any, that the Corporation has made available for the purpose. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the question.

#### 10.19 ADJOURNMENT

The chairman may, with the consent of any meeting and subject to such conditions as the meeting may decide, adjourn the meeting for a period of up to 29 days. If a meeting of shareholders is so adjourned, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling it. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

## 10.20 RESOLUTION IN WRITING

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

## SECTION ELEVEN NOTICES

### 11.01 METHOD OF GIVING NOTICES

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or to his recorded address, or if mailed to him at his recorded address by prepaid ordinary or air mail, or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication, or if an electronic document is provided in accordance with section twelve of this by-law. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid, a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box, a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch, and a notice so sent by means of an electronic document shall be deemed to have been given upon receipt of reasonable confirmation of transmission to the designated information system indicated by the person entitled to receive such notice. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

### 11.02 SIGNATURES TO NOTICES

The signature to any notice contemplated by section 11.01 may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

### 11.03 NOTICE TO JOINT SHAREHOLDERS

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

### 11.04 COMPUTATION OF TIME

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

### 11.05 UNDELIVERED NOTICES

If any notice given to a shareholder pursuant to section 11.01 is returned on two consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

#### 11.06 WAIVER OF NOTICE

Any shareholder, proxyholder, director, officer, auditor or member of a committee of the board or other person entitled to attend a meeting of shareholders may at any time waive any notice or waive or abridge the time for any notice required to be given to him under the Act, the articles, the by-laws or otherwise, and such waiver or abridgement whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or a committee of the board which may be given in any manner.

#### 11.07 PROOF OF SERVICE

With respect to every notice or other document sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in this by-law and put into a post office or letter box. With respect to every notice or other document sent as an electronic document, it shall be sufficient to prove that the electronic document was properly addressed to the designated information system as provided in this by-law and sent by electronic means. A certificate of an officer of the Corporation or of an officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the sending or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

#### 11.08 OMISSIONS AND ERRORS

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting its substance shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded on it.

#### 11.09 PERSONS ENTITLED BY DEATH OR OPERATION OF LAW

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

### SECTION TWELVE ELECTRONIC DOCUMENTS

#### 12.01 CREATION AND PROVISION OF INFORMATION

Unless the Corporation's articles otherwise provide, and subject to and in accordance with the provisions of the Act and this section, the Corporation may satisfy any requirement under the Act to create or provide a notice, document or other information to any person by the creation or provision of an electronic document. Except as provided for in the Act, "electronic document" means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means that can be read or perceived by a person by any means.

## 12.02 CONSENT AND OTHER REQUIREMENTS

Notwithstanding section 12.01, a requirement under the Act to provide a person with a notice, document or other information shall not be satisfied by the provision of an electronic document unless

- (a) the addressee has consented, in accordance with the Act, and has designated an information system for the receipt of the electronic document; and
- (b) the electronic document is provided to the designated information system, unless the Act provides otherwise.

The term "information system" means a system used to generate, send, receive, store, or otherwise process an electronic document.

## SECTION THIRTEEN EFFECTIVE DATE

### 13.01 EFFECTIVE DATE

This by-law shall be effective as of February 23, 2005.

### 13.02 REPEAL

All previous by-laws of the Corporation are repealed as of the coming into force of this by-law, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law, and all resolutions of the shareholders or board with continuing effect passed under any repealed by-law shall continue to be good and valid except to the extent they are inconsistent with this by-law and until amended or repealed.

ENACTED by the board the 23<sup>rd</sup> day of February, 2005.



Nancy C. Southern, President



Pat Spruin, Secretary