

## SCHEDULE B

**MELCOR DEVELOPMENTS LTD.****BY-LAW NO. 1****INDEX**

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**BY-LAW NO. 1**  
**A BY-LAW RELATING GENERALLY TO THE**  
**TRANSACTION OF THE BUSINESS AND AFFAIRS OF**  
**MELCOR DEVELOPMENTS LTD.**

**Section One**

**INTERPRETATION**

1.01 *Definitions.* In these and other by-laws of the Corporation, unless the context otherwise requires:

- (a) "Act" means the *Alberta Business Corporations Act*, S.A. 1981, c.B-15, as from time to time amended, and any statute that may be substituted therefor;
- (b) "appoint" includes "elect" and vice versa;
- (c) "Articles" means the articles attached to the certificate of incorporation, continuation or amalgamation of the Corporation, as the case may be, as from time to time amended or restated;
- (d) "Board" means all of the Directors of the Corporation;
- (e) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (f) "cheque" includes a draft;
- (g) "Corporation" means the corporation which has adopted these by-laws and to which the same apply;
- (h) "holding corporation" means a corporation referred to in subsection 100(4) of the Act;
- (i) "meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders;
- (j) "special meeting of shareholders" includes a meeting of the holders of any class or classes of shares and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;
- (k) "non-business day" means Saturday and any other day that is a holiday as defined in the *Interpretation Act* (Alberta) R.S.A. 1980, c.I-7, as from time to time amended;
- (l) "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 are more than one; and in the case of a director, officer, auditor or member of a committee of the Board, his latest address as recorded in the records of the Corporation;
- (m) "resident Albertan" means an individual who is ordinarily resident in Alberta, or if not ordinarily resident in Alberta, is a member of a class of persons prescribed in the regulation to the Act and, in any case, who:
  - (i) is a Canadian citizen, or
  - (ii) has been lawfully admitted to Canada for permanent residence.
- (n) "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by or pursuant to section 2.04; and

- (o) "unanimous shareholder agreement" means a written agreement among all the shareholders of the Corporation, or among all such shareholders and any person who is not a shareholder, or a written declaration of the beneficial owner of all of the issued shares of the Corporation, that restricts in whole or in part the powers of the Board to manage the business and affairs of the Corporation.

1.02 *Interpretation.* Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein: words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator, and legal representative.

## Section Two

### BUSINESS OF THE CORPORATION

2.01 *Registered Office.* The registered office of the Corporation shall be at such location within Alberta as the Board may from time to time determine.

2.02 *Corporate Seal.* The corporate seal shall be in such form as the Board may from time to time approve.

2.03 *Financial Year.* The financial year of the Corporation shall be established by the Board from time to time.

2.04 *Execution of Instruments.* Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any person holding the office of Chairman of the Board, Managing Director, President, Vice-President, Secretary, Treasurer, Assistant Secretary or Assistant Treasurer or any other office created by by-law or by resolution of the Board, or if the Corporation is authorized to have and has only one director, then by such sole director acting alone. In addition, the Board or the sole director may from time to time 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 the same.

2.05 *Banking Arrangements.* The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe.

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 instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the Board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.07 *Divisions.* The Board may cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services as the Board may consider appropriate. From time to time the Board or, if authorized by the Board, the chief executive officer may authorize, upon such basis as may be considered appropriate in each case:

- (a) *(Subdivision and Consolidation).* The further division of the business and operations of any division into sub-units and the consolidation of the business and operations of any divisions and sub-units:
- (b) *(Name).* The designation of any division or sub-unit by, and the carrying on of the business and operations of any division or sub-unit under a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and

- (c) (*Officers*). The appointment of officers for any division or sub-unit, the determination of their powers and duties, and the removal of any officer so appointed without prejudice to such officer's rights under any employment contract or in law, provided that the officers appointed for any division or sub-unit shall not, as such, be officers of the Corporation.

### Section Three

#### BORROWING AND SECURITIES

3.01 *Borrowing Power*. Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the Articles and any unanimous shareholder agreement, the Board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantees of the Corporation, whether secured or unsecured;
- (c) to the extent permitted by the Act, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantees or any other present or future indebtedness, liability or 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 from time to time, by resolution, delegate to a committee of the Board, a director or an officer of the Corporation or any other person 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 to such extent and in such manner as the Board may by resolution determine at the time of such delegation.

3.03 *Restrictions on Guarantees*. Except as permitted under section 3.04, the Corporation shall not, directly or indirectly, give financial assistance by means of a loan, guarantee or otherwise:

- (a) to a shareholder or director of the Corporation or of an affiliated corporation,
- (b) to an associate of a shareholder or director of the Corporation or of an affiliated corporation, or
- (c) to any person for the purpose of or in connection with a purchase of a share issued or to be issued by the Corporation or an affiliated corporation,

if there are reasonable grounds for believing that

- (d) the Corporation is, or after giving the financial assistance would be, unable to pay its liabilities as they become due, or
- (e) the realizable value of the Corporation's assets, excluding the amount of any financial assistance in the form of a loan or in the form of assets pledged or encumbered to secure a guarantee, after giving the financial assistance, would be less than the aggregate of the Corporation's liabilities and stated capital of all classes.

3.04 *Guarantees*. The Corporation may give financial assistance by way of loan, guarantee or otherwise:

- (a) to any person in the ordinary course of business if the lending of money is part of the ordinary business of the Corporation;

- (b) to any person on account of expenditures incurred or to be incurred on behalf of the Corporation:
- (c) to a holding body corporate if the Corporation is a wholly owned subsidiary of the holding body corporate:
- (d) to a subsidiary body corporate of the Corporation: and
- (e) to employees of the Corporation or any of its affiliates.
  - (i) to enable or assist them to purchase or erect living accommodation for their own occupation, or
  - (ii) in accordance with a plan for the purchase of shares of the Corporation or any of its affiliates to be held by a trustee.

## **Section Four**

### **DIRECTORS**

4.01 *Number of Directors.* The Board shall consist of not fewer than the minimum number of directors and not more than the maximum number of directors provided for in the Articles, and the actual number of directors to be elected from time to time shall be established by resolution of the Board.

4.02 *Qualifications.* A director need not be a shareholder of the Corporation.

4.03 *Resident Albertan Directors.*

- (a) At least half of the directors shall be resident Albertans.
- (b) Subject to the Act, if the Corporation is a holding corporation, then not more than 1/3 of the directors need be resident Albertans.

4.04 *Election and Terms.*

- (a) Each director named in the notice of directors filed by the Registrar at the time of filing the Articles shall hold office from the issue of the certificate of incorporation or continuance until the first meeting of shareholders.
- (b) Elections of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting.
- (c) All directors in office immediately prior to a meeting at which elections are to take place shall retire effective at the close of the meeting.
- (d) A retiring director is eligible for re-election.
- (e) The number of directors to be elected at any meeting at which elections are to take place shall be the number of directors in office immediately prior to the meeting, or such other number as the shareholders determine by ordinary resolution.
- (f) Elections shall be by ordinary resolution.
- (g) Where the shareholders adopt an amendment to the Articles to increase the number or the minimum number of directors, the shareholders may, at the meeting at which the amendment is adopted elect the additional number of directors authorized by the amendment.
- (h) If directors are not elected at a meeting of shareholders at which elections are to take place, the incumbent directors shall continue in office until their successors are elected.

4.05 *Vacancy.*

- (a) The shareholders may remove a director from office by ordinary resolution passed at a special meeting duly called for that purpose.
- (b) If the holders of any class or series of shares of the Corporation are entitled to elect one or more directors, then a director so elected may be removed only by ordinary resolution passed at a meeting of the holders of that class or series.
- (c) A vacancy created by the removal of a director may be filled at the meeting of the shareholders at which the director is removed or, if not so filled, may be filled by the Board.
- (d) Provided that there is a quorum of directors, the Board may fill a vacancy among the directors except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the Articles.

4.06 *Quorum.* One half (1/2) of the number of directors required to be elected at the last annual meeting of shareholders, or such greater number of directors as the Board may from time to time determine, shall constitute a quorum of the Board. Where there is a vacancy on the Board, the remaining directors may continue to act, provided that a quorum of directors remains in office.

4.07 *Meeting by Telephone.* A director may participate in a meeting of the Board or of a committee of the Board by means of telephone or other communications facilities that permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting.

4.08 *Place of Meetings.* Meetings of the Board may be held at any place in or outside Canada.

4.09 *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 Managing Director, the President or any two directors may determine.

4.10 *Notice of Meetings.* Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section Ten to each director not less than 48 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.

4.11 *First Meeting of New Board.* Provided a quorum of directors is present, each newly elected Board may hold its first meeting without notice immediately following the meeting of shareholders at which such Board is elected.

4.12 *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.

4.13 *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 time 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, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.14 *Chairman.* The chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: Chairman of the Board, President, or Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

4.15 *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 not be entitled to a second or casting vote.

4.16 *Conflict of Interest.* A director or officer who is a party to or who is a director or officer of or has a material interest in any person who is a party to a material contract with the Corporation shall disclose in writing the nature and extent of his interest at the time and in the manner provided by the Act. An interested director shall not vote on any resolution to approve the same except as provided by the Act.



4.17 *Remuneration and Expenses.* The directors shall be paid such remuneration for their services as the Board may from time to time 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 thereof as the Board may from time to time determine. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.18 *Committees of the Board.* The Board may appoint one or more committees of the Board, however designated, and delegate to any committee any of the powers of the Board except those which pertain to items which, under the Act, a committee of the Board has no authority to exercise. At least half of the members of any such committee shall be resident Albertans. A committee may consist of one director.

4.19 *Business of Committee.* Subject to the provisions of section 4.07, the powers of a committee of the Board shall be exercised by resolution passed at a meeting at which a quorum is present or by 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 such committee may be held at any place in or outside Alberta.

4.20 *Advisory Bodies.* The Board may from time to time appoint such advisory bodies as it may deem advisable.

4.21 *Procedure of Committee.* Unless otherwise determined by the Board, each committee and advisory body shall have power to fix its quorum at not less than a majority of its members and to elect its chairman. The committee's procedure in other respects shall follow the rules of procedure which would govern the proceedings of the Board.

## **Section Five**

### **OFFICERS**

5.01 *Appointment.* The Board may from time to time appoint a Chairman of the Board, 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 and the Board may, in its discretion remove any such officer. Each officer appointed by the Board shall hold office until the earlier of his resignation or the appointment of his successor. The Board may specify the powers and duties of such officers and may, from time to time, vary, add to or limit the powers and duties of any officer. The Board may delegate to any officer or officers such powers to manage the business and affairs of the Corporation as the Board sees fit, subject to the Act. The Chairman of the Board shall, and any other officer may, but need not, be a director, and one person may hold more than one office.

5.02 *Managing Director.* The Board may from time to time also appoint a Managing Director who shall be a resident Albertan and a director, and shall have such powers and duties as the board may specify. During the absence or disability of the President, or if no President has been appointed, the managing director, if one has been appointed, shall also have the powers and duties of that office.

5.03 *President.* Subject to the authority of the Board, the President shall have general supervision of the business of the Corporation and such other powers and duties as the Board may specify. During the absence or disability of the Chairman of the Board, if one has been appointed, the President shall also have the powers and duties of that office, except where the President is not a director.

5.04 *Vice-President.* A Vice-President shall have such powers and duties as the Board or the Chairman of the Board may specify.

5.05 *Conflict of Interest.* An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with the Act.

5.06 *Agents and Attorney.* The Corporation, by or under the authority of the Board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

5.07 *Validity of Acts.* An act of an officer is valid notwithstanding an irregularity in his election or appointment or a defect in his qualification.

## **Section Six**

### **PROTECTION OF DIRECTORS, AND OFFICERS**

6.01 *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 exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. 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 judgment 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 in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

6.02 *Indemnity.* Subject to the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect thereof.

6.03 *Insurance.* Subject to the Act, the Corporation may purchase and maintain at its cost, insurance for the benefit of the directors and officers of the Corporation, or any of them, against suits, actions, judgments, liabilities, costs, charges and expenses which are or may be sustained or incurred by them in respect of the execution of their duties or office or in respect of the affairs of the Corporation, or any company managed or controlled by the Corporation, whether or not the same are indemnified by the Corporation.

## **Section Seven**

### **SHARES**

7.01 *Allotment of Shares.* Subject to the Act, the Board may from time to time allot or grant options to purchase, any or all 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.

7.02 *Commissions.* The Board may from time to time 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.

7.03 *Registration of Transfer.* Subject to the Act, no transfer of a share shall be registered in the securities register of the Corporation except upon presentation of the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith 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 from time to time prescribe, upon payment of all applicable taxes and any reasonable fees prescribed by the Board.

7.04 *Transfer Agents and Registrars.* The Board may from time to time appoint one or more agents to maintain a central securities register and one or more branch securities registers in respect of each class of shares of the Corporation. An agent may be designated as 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.

7.05 *Non-recognition of Trusts.* Subject to the Act, 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.

7.06 *Share Certificates.* Every registered holder of one or more shares of the Corporation shall be entitled to a share certificate stating the number and class or series of shares held by him as shown on the securities register. Such certificates shall be in such form as the Board may from time to time approve. Any such certificate shall be signed in accordance with section 2.04 and need not be under the corporate seal, unless the Board otherwise determines. Certificates representing shares of a class for which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of both of the signing officers or, in the case of a certificate for shares of a class for which a transfer agent and/or registrar has been appointed, the signature of the transfer agent or registrar, and in the case of a certificate which does not require a manual signature under the Act the signatures of both signing officers, may be printed or mechanically reproduced in facsimile. Every such facsimile signature shall for all purposes be deemed to be the signature of the officer, and any certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

7.07 *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 or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable 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.

7.08 *Joint Holders.* 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 thereof, 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 effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share. In any dispute as to which of the joint owners of any share are entitled to vote, such right shall accrue to the joint owner first named on such certificate.

7.09 *Deceased Shareholders.* In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof 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 Eight**

### **DIVIDENDS AND RIGHTS**

8.01 *Dividends.* Subject to the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. The declaration of a dividend in favour of any one class of shares does not imply any right to any other class of shares to receive the same or any dividend. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

8.02 *Record Date for Dividends and Rights.* The Board may fix in advance a date, preceding by not more than 50 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.

8.03 *Unclaimed Dividends.* Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

8.04 *Interest.* No unpaid dividend shall bear interest against the Corporation.

8.05 *Method of Payment.* A dividend may be paid by mailing a cheque to the address of the shareholder as it is shown on the securities register. Every such cheque shall be payable to the order of the person to whom it is sent. The payment of any such cheque by the Corporation, if purporting to be endorsed by the person to whom it was made payable, shall be a good discharge to the Corporation, notwithstanding that such signature is not in fact genuine.

8.06 *Exigibility of Dividends.* The Corporation may apply any dividends declared on any share in satisfaction pro tanto of any debts of the shareholder to the Corporation.

## Section Nine

### MEETINGS OF SHAREHOLDERS

9.01 *Annual Meetings.* The annual meeting of shareholders shall be held at such time in each year and, subject to the Act, at such place as the Board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

9.02 *Notice of Meetings.* Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section Ten not less than 21 and not more than 50 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, is shown in the securities register as a holder of one or more shares carrying the right to notice of and to vote at 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 the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

9.03 *Shareholders List.* 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 9.06, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, then the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, if no such notice is given, then 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 where the central securities register is maintained and at the meeting for which the list was prepared. Where a list of shareholders has not been prepared, the persons shown in the securities register at the requisite time as the holders of one or more shares carrying the right to vote at such meeting shall be deemed to be the list of shareholders.

9.04 *Record Date for Notice.* The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of the record date shall be given not less than 7 days before the record date, by newspaper advertisement in the manner required by the Act. If no record date is 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 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.

9.05 *Chairman, Secretary and Scrutineers.* The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed who is present at the meeting: Chairman of the Board, President or a Vice-President. If no such officer is present within 15 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.

9.06 *Persons Entitled to be Present.* Subject to the Act the only persons entitled to be present at a meeting of shareholders shall be those entitled to notice thereof and the directors and auditors of the Corporation. Other persons may be admitted only on the invitation of the chairman of the meeting.

9.07 *Quorum*. A quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being either a shareholder entitled to vote thereat, or a duly appointed proxyholder or representative for a shareholder so entitled and representing not less than 25% of the issued shares of the Corporation carrying the right to vote at meetings of shareholders. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented 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 meeting, if convened upon a requisition of the shareholders, shall be dissolved, but in any other case, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business. The quorum for the transaction of business at any such adjourned meeting shall be two shareholders present in person.

9.08 *Right to Vote*. Every person named in the list referred to in section 9.03 shall be entitled to vote the shares shown thereon opposite his name at the meeting to which such list relates, except to the extent that

- (a) where the Corporation has fixed a record date in respect of the meeting, the person has transferred any of his shares after the record date, or where the Corporation has not fixed a record date in respect of the meeting, the person has transferred any of his shares after the date on which the list is prepared, and
- (b) the transferee, having produced properly endorsed certificates evidencing the shares or having otherwise established that he owns the shares, has demanded not later than 10 days before the meeting, that his name be included in such list.

in which case the transferee shall be entitled to vote the transferred shares at the meeting.

9.09 *Representatives*.

- (a) 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 are not required to be shareholders, to attend and act as his representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act.
- (b) Every shareholder which is a body corporate or association may authorize, by resolution of its directors or governing body, an individual, who is not required to be a shareholder, 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 the authorizing resolution, or in such other manner as may be satisfactory to the Secretary of the Corporation or the chairman of the meeting.

9.10 *Time for Deposit of Proxies*. The Board may specify in a notice calling a meeting of shareholders a time preceding the time of the meeting or any adjournment thereof by not more than 48 hours exclusive of non-business days before which time proxies to be used at the meeting must be deposited. A proxy shall be acted upon only if prior to the time for deposit specified in the notice of the meeting at which it is to be acted upon, it shall have been deposited with the Corporation or an agent thereof named in the notice, or, where no such time is specified in the notice, it has been received by the Secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

9.11 *Joint Shareholders*. If two or more persons hold shares jointly, then any one of them present in person or duly represented 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 by proxy, and vote, then they shall vote as one the shares jointly held by them. In any dispute as to which of the joint owners of any share are entitled to vote, the right to vote shall accrue to the joint owner first named on the certificate representing such share.

9.12 *Votes to Govern*. At any meeting of shareholders every question shall, unless otherwise required by the Articles or by-laws or by the Act, 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.

9.13 *Show of Hands*. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so 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 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 cast in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders upon the question.

9.14 *Ballots.* On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require a ballot, or any shareholder or proxyholder who is entitled to vote on the question may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. 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, then each shareholder present in person or by proxy shall be entitled, in respect of the shares which he is entitled to vote at the meeting to the 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 questions.

9.15 *Adjournment.* The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place.

## **Section Ten**

### **NOTICES**

10.01 *Method of Giving Notice.* Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, 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 if delivered to his recorded address or if mailed to him at his recorded address or if sent to his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or delivered to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given at the time it is posted; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication company or agency or its representative for dispatch. 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.

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

10.03 *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.

10.04 *Undelivered Notices.* If any notice given to a shareholder pursuant to section 10.01 is returned 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.

10.05 *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 the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.06 *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, becomes entitled to any share shall be bound by every notice in respect of the share which shall have been duly given to the shareholder from whom he derives his title to the 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 the Corporation with proof of authority or evidence of entitlement as prescribed by the Act.

10.07 *Waiver of Notice.* Any shareholder, proxyholder, director, officer, auditor or member of a committee of the Board or any 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 regulations thereunder, the Articles, the bylaws 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.

## **Section Eleven**

### **EFFECTIVE DATE**

11.01 *Effective Date.* This by-law shall come into force on the date shown in the certificate of continuance.

11.02 *Effect.* The coming into force of this by-law shall not affect the previous operation or 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 predecessor charter documents of the Corporation. All officers and persons acting under any predecessor charter documents shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the Board or a committee of the Board with continuing effect passed under any such charter documents shall continue good and valid except to the extent inconsistent with this by-law and until amended or repealed.

FILED  
NOV 17 1992  
Registrar of Corporations  
Province of Alberta

STATUTORY DECLARATION

CANADA )  
PROVINCE OF ALBERTA ) IN THE MATTER OF THE BUSINESS CORPORATIONS  
TO WIT: ) ACT S.A. 1981, c. B-15, as amended, AND  
SECTION 179(2) THEREOF.

I, WILLIAM G. HOLMES, of the City of Edmonton, in the Province of Alberta DO SOLEMNLY DECLARE THAT:

1. I am a proposed director of the amalgamated corporation (the "Corporation") to continue from the amalgamation of Trans-Canada Mortgage Ltd. and Melcor Developments Ltd. (hereinafter collectively referred to as the "Amalgamating Corporations") and as such have a personal knowledge of the matters herein declared to.

2. I have conducted such examinations of the books and records of the Amalgamating Corporations and have made such inquiries and investigations as are necessary to enable me to make this declaration.

3. There are reasonable grounds for believing that:

- (a) the Corporation will be able to pay its liabilities as they become due; and
- (b) the realizable value of the Corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.

4. There are reasonable grounds for believing that no creditor will be prejudiced by the amalgamation of the Amalgamating Corporations.

AND I MAKE THIS SOLEMN DECLARATION conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath.

DECLARED before me at the )  
of City of Edmonton )  
in the Province of Alberta, )  
this 16 day of November )  
1992 )

*H. Pabst*

A Notary Public For the Province of Alberta

HEINRICH (RICK) H. PABST  
BARRISTER AND SOLICITOR

*W.G. Holmes*  
WILLIAM G. HOLMES

FILED  
DEC 31 1992  
Registrar of Corporations  
Province of Alberta