

BY-LAW NO. 1

Canada Business Corporations Act (Canada)

A by-law relating generally to the regulation of the business and affairs of
CANWEL BUILDING MATERIALS GROUP LTD.
(“Corporation”)

TABLE OF CONTENTS

SECTION I DEFINITIONS AND INTERPRETATION.....	1
1.1 Definitions.....	1
1.2 Certain Rules of Interpretation.....	1
SECTION II DIRECTORS.....	2
2.1 Quorum	2
2.2 Qualification	2
2.3 Election and Term.....	2
2.4 Removal of Directors.....	2
2.5 Vacation of Office.....	2
2.6 Vacancies	2
2.7 Remuneration and Expenses	3
SECTION III MEETINGS OF DIRECTORS	3
3.1 Canadian Majority	3
3.2 Meetings by Telephone, Electronic or Other Communication Facility.....	3
3.3 Place of Meetings.....	3
3.4 Calling of Meetings.....	3
3.5 Notice of Meeting	4
3.6 Waiver of Notice.....	4
3.7 First Meeting of New Board	4
3.8 Adjourned Meeting	4
3.9 Regular Meetings	4
3.10 Chairman.....	4
3.11 Votes to Govern	4
3.12 One Director Meeting	5
SECTION IV COMMITTEES	5
4.1 Committee of Directors.....	5
4.2 Audit Committee.....	5
4.3 Transaction of Business	5
4.4 Procedure	5
SECTION V OFFICERS	5
5.1 Appointment	5
5.2 Chairman of the Board.....	6
5.3 Managing Director.....	6
5.4 President.....	6
5.5 Vice-President.....	6
5.6 Secretary	6
5.7 Treasurer	7
5.8 Powers and Duties of Other Officers	7
5.9 Variation of Powers and Duties	7
5.10 Term of Office	7
5.11 Agents and Attorneys.....	7
5.12 Fidelity Bonds.....	7
SECTION VI PROTECTION OF DIRECTORS AND OFFICERS	8
6.1 Limitation of Liability.....	8
6.2 Indemnity	8
6.3 Insurance	9

SECTION VII MEETINGS OF SHAREHOLDERS	9
7.1 Annual Meetings	9
7.2 Special Meetings	10
7.3 Place of Meetings	10
7.4 Meetings by Telephone	10
7.5 Notice of Meetings	10
7.6 List of Shareholders Entitled to Notice	10
7.7 Record Date for Notice	11
7.8 Meetings Without Notice	11
7.9 Chairman, Secretary and Scrutineers	11
7.10 Persons Entitled to be Present	12
7.11 Quorum	12
7.12 Right to Vote	12
7.13 Proxies	12
7.14 Time for Deposit of Proxies	12
7.15 Joint Shareholders	13
7.16 Votes to Govern	13
7.17 Show of Hands	13
7.18 Ballots	13
7.19 Electronic Voting by Shareholders	13
7.20 Voting while participating electronically	14
7.21 Resolution in Writing	14
SECTION VIII SECURITIES	14
8.1 Registration of Transfer	14
8.2 Transfer Agents and Registrars	14
8.3 Lien on Shares	14
8.4 Enforcement of Lien	14
8.5 Security Certificates	15
8.6 Replacement of Security Certificates	15
8.7 Joint Shareholders	15
8.8 Deceased Security Holders	16
8.9 Deceased Jointly-Held Security Holders	16
SECTION IX DIVIDENDS AND RIGHTS	16
9.1 Dividends	16
9.2 Dividend Cheques	16
9.3 Non-Receipt of Cheques	16
9.4 Record Date for Dividends and Rights	17
9.5 Unclaimed Dividends	17
SECTION X GENERAL	17
10.1 Execution of Instruments	17
10.2 Electronic Signatures	18
10.3 Voting Rights in other Corporations	18
SECTION XI NOTICES	18
11.1 Method of Sending Notice	18
11.2 Notice to Joint Shareholders	20
11.3 Computation of Time	20

11.4	Undelivered Notices.....	20
11.5	Omissions and Errors.....	20
11.6	Persons Entitled by Operation of Law	20
11.7	Deceased Shareholders	20
11.8	Waiver of Notice.....	20
11.9	Execution of Notices.....	21
11.10	Proof of Service	21

SECTION I DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this by-law and in all other by-laws of the Corporation, unless the context otherwise requires:

“**Act**” means the *Canada Business Corporations Act* (Canada) as amended or re-enacted from time to time and includes the regulations made pursuant thereto.

“**board**” means the board of directors of the Corporation.

“**by-laws**” means all by-laws of the Corporation.

“**director**” means a director of the Corporation.

“**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 and that can be read or perceived by a person or by any means.

“**information system**” means a system used to generate, send, receive, store or otherwise process an electronic document.

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

“**number of directors**” means the number of directors of the Corporation provided for in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation most recently elected by the shareholders of the Corporation.

1.2 Certain Rules of Interpretation

- (a) All terms used in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act.
 - (b) In all by-laws, the singular shall include the plural and the plural shall include the singular and words in one gender include all genders.
 - (c) Headings used in the by-laws are for convenience of reference only and shall not affect the construction or interpretation of the by-laws.
 - (d) If any of the provisions contained in this by-law are inconsistent with those contained in the articles or a unanimous shareholder agreement, the provisions contained in the articles or unanimous shareholder agreement, as the case may be, shall prevail.
-

SECTION II DIRECTORS

2.1 Quorum

The quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors. If, however, the Corporation has fewer than 3 directors, all directors must be present at any meeting of the board to constitute a quorum.

2.2 Qualification

No person shall be qualified for election as a director if that person: (a) is less than 18 years of age, (b) is of unsound mind and has been so found by a court in Canada or elsewhere, (c) is not an individual, or (d) has the status of a bankrupt. A director need not be a shareholder. At least 25% of the directors shall be resident Canadians. However, if the Corporation has fewer than four directors, at least one director must be a resident Canadian.

2.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders. A director not elected for an expressly stated term shall cease to hold office at the close of the first annual meeting following that director's election or appointment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

2.4 Removal of Directors

Subject to the Act, the shareholders may by ordinary resolution passed at an annual or 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.

2.5 Vacation of Office

A director ceases to hold office when that director dies, is removed from office by the shareholders or ceases to be qualified for election as a director. A director also ceases to hold office when that director's written resignation is received by the Corporation or, if a time is specified in such resignation, at the time so specified, whichever is later.

2.6 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 minimum or maximum number of directors or from a failure of the shareholders to elect the number or minimum number of directors provided for in the articles of the Corporation.

2.7 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine and 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. Nothing in this by-law precludes any director from serving the Corporation in any other capacity and receiving remuneration for doing so.

SECTION III MEETINGS OF DIRECTORS

3.1 Canadian Majority

The board shall not transact business at a meeting, other than filling a vacancy in the board, unless at least 25% 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. The board may, however, transact business at a meeting of directors where the required number of resident Canadian directors is not present if:

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

3.2 Meetings by Telephone, Electronic or Other Communication Facility

If all the directors present at or participating in the meeting consent, any or all of the directors 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 to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and any 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 held while a director holds office.

3.3 Place of Meetings

Meetings of the board may be held at any place within or outside Canada. In any financial year of the Corporation, a majority of the meetings of the board need not be held within Canada.

3.4 Calling of Meetings

Meetings of the board may be convened at any time by the president or any director upon notice given to all directors in accordance with section 3.5.

3.5 Notice of Meeting

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.1 to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 24 hours before the time the meeting is to be held if the notice is given personally or is delivered or is sent by any means of an electronic document or communication.

3.6 Waiver of Notice

A director may in any manner or at any time waive notice of or otherwise consent to a meeting of the board including by sending an electronic document or communication to that effect. Attendance of a director at a meeting of the board shall constitute a waiver of notice of that meeting except where a director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called.

3.7 First Meeting of New Board

If 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.

3.8 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.

3.9 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, but no other notice shall be required for any such regular meeting except where the Act requires the purpose of that meeting or the business to be transacted at it to be specified.

3.10 Chairman

The chairman of any meeting of the board shall be a director and the Chairman of the Board, and if no such officer has been appointed the chairman shall be the Managing Director, and if neither of such offices have been appointed shall be the president or a vice-president or the secretary (in that order of seniority). If no such officers are present and willing to serve, the directors present shall choose one of their own to be chairman of such meeting of the board.

3.11 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.

3.12 One Director Meeting

Where the board consists of only one director, that director may constitute a meeting.

SECTION IV COMMITTEES

4.1 Committee of Directors

The board may appoint from their number one or more committees of the board, however designated, and delegate to such committee any of the powers of the board except those which, under the Act, a committee of the board has no authority to exercise.

4.2 Audit Committee

If the Corporation is a distributing corporation the board shall, and otherwise the board may, constitute an audit committee composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates, and who shall hold office until the next annual meeting of shareholders. The audit committee shall have the powers and duties provided in the Act.

4.3 Transaction of Business

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the 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 within or outside Canada.

4.4 Procedure

Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure. To the extent that the board or the committee does not establish rules to regulate the procedure of the committee, the provisions of this by-law applicable to meetings of the board shall apply *mutatis mutandis*.

SECTION V OFFICERS

5.1 Appointment

The board may designate the offices of the Corporation and from time to time appoint a chairman of the board, managing director (provided that person is a resident Canadian), 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 provisions of the Act, delegate to such

officers powers to manage the business and affairs of the Corporation. One person may hold more than one office and, except for the chairman of the board and the managing director, an officer need not be a director.

5.2 Chairman of the Board

If appointed, the board may assign to the chairman of the board any of the powers and duties that are by any provisions of this by-law assigned to the managing director or to the president and subject to the Act, such other powers and duties as the board may specify. The chairman of the board shall, when present, preside at all meetings of the board and shareholders. Subject to section 3.10 and section 7.9, during the absence or disability of the chairman of the board, the duties of the chairman of the board shall be performed, and the powers exercised, by the first mentioned of the following officers then in office: the managing director, the president or a vice-president (in order of seniority).

5.3 Managing Director

If appointed, the managing director shall be the chief executive officer and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation. The managing director shall, subject to the provisions of the Act, have such other 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 shall also have the powers and duties of that office.

5.4 President

If appointed, the president shall have general supervision of the business and affairs of the Corporation, subject to the direction and authority of the board, the chairman of the board and the managing director and shall have such other powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office. In the absence of the appointment of a managing director or the designation of the chairman of the board as such, the president shall be the chief executive officer of the Corporation. Otherwise, the president shall be the chief operating officer of the Corporation.

5.5 Vice-President

If appointed, the vice-president, or if more than one, the vice-presidents, in order of seniority as designated by the board, shall be vested with all the powers and perform all the duties of the president if the president is absent or is unable to act. No vice-president, however, shall preside at any meeting of the directors unless appointed to do so by the board. A vice-president shall have such powers and duties as the board or the chief executive officer may specify.

5.6 Secretary

If appointed, the secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept

for that purpose minutes of all proceedings. The secretary shall also give or cause to be given, as and when instructed, all notices to shareholders, directors, officers and auditors and he or she shall be the custodian 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, and the secretary shall have such other powers and duties as the board or the chief executive officer may specify.

5.7 Treasurer

If appointed, the treasurer shall keep or cause to be kept proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. The treasurer shall render to the board whenever required an account of all transactions as treasurer and of the financial position of the Corporation. The treasurer shall have such other powers and duties as the board or the chief executive officer may specify.

5.8 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

5.9 Variation of Powers and Duties

Subject to the provisions of the Act, the board may from time to time vary, add to or limit the powers and duties of any officer.

5.10 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. Otherwise, each officer appointed by the board shall hold office until a successor is appointed, except that the term of office of the chairman of the board or managing director shall expire when that individual ceases to be a director.

5.11 Agents and Attorneys

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

5.12 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the board may from time to time prescribe.

SECTION VI PROTECTION OF DIRECTORS AND OFFICERS

6.1 Limitation of Liability

No director or officer of the Corporation shall be liable for the acts or omissions of any other director, officer, employee or agent of the Corporation, or for any costs, charges or expenses of the Corporation resulting from any deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency 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 bankruptcy or insolvency, or in respect of any tortious acts of or relating to the Corporation or any other director, officer, employee or agent of the Corporation, or for any loss occasioned by an error of judgment or oversight on the part of any other director, officer, employee or agent of the Corporation, or for any other costs, charges or expenses of the Corporation occurring in connection with the execution of the duties of the director or officer, unless such costs, charges or expenses are incurred as a result of such person's own wilful neglect, default or negligence. Nothing in this by-law, however, shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach of the Act.

6.2 Indemnity

- (a) Indemnification. The Corporation may indemnify and save harmless every director or officer, every former director or officer and every individual who acts or acted at the Corporation's request as a director or officer or an individual in a similar capacity of another entity, from and against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by that individual in respect of any civil, criminal, administrative, investigative or other proceeding to which that individual is involved because of their association with the Corporation or other entity.
 - (b) Advance of Costs. The Corporation may advance money to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 6.2(a) but such individual shall be required to repay the money if the individual does not fulfil the conditions set out in section 6.2(c).
 - (c) Limitation. The Corporation shall not indemnify an individual under section 6.2(a) unless that 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 a director or officer or as an individual in a similar capacity at the Corporation's request.
 - (d) Further Limitation. In addition to the conditions set out in section 6.2(c), if the matter is a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Corporation shall not indemnify the individual under section 6.2(a) unless that individual had reasonable grounds for believing that the conduct was lawful.
-

- (e) **Derivative Action.** The Corporation may, with the approval of a court, indemnify and save harmless any individual referred to in section 6.2(a), or advance moneys under section 6.2(b) in respect of any action by or on behalf of the Corporation or other entity to obtain a judgment in its favour to which the individual is made a party because of the individual's association with the Corporation or other entity against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if that 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 a director or officer or in a similar capacity at the Corporation's request.
- (f) **Right to Indemnity.** Despite section 6.2(a), an individual referred to in section 6.2(a) is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the Corporation or other entity as described in section 6.2(a) if the individual seeking an indemnity,
 - (i) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
 - (ii) fulfils the condition set out in section 6.2(c) and section 6.2(d).

6.3 Insurance

The Corporation may purchase and maintain such insurance for the benefit of an individual referred to in section 6.2(a) against any liability incurred by the individual in his or her capacity as a director or officer of the Corporation, or in his or her capacity as a director or officer, or a similar capacity of another entity, if the individual acts or acted in that capacity at the Corporation's request.

SECTION VII MEETINGS OF SHAREHOLDERS

7.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year and, subject to section 7.3, at such place as the board, the chairman of the board, the managing director or the president may from time to time determine. Such meetings shall be held for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

7.2 Special Meetings

The board, the chairman of the board, the managing director or the president or the holders of not less than five percent (5%) of the issued shares of the Corporation that carry the right to vote at a meeting sought, shall have power to call a special meeting of shareholders at any time.

7.3 Place of Meetings

Meetings of shareholders shall be held at the place where the registered office of the Corporation is situated or, if the board so determines, at some other place within Canada or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Canada.

7.4 Meetings by Telephone

Any person entitled to attend a meeting of shareholders may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation 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. The directors or the shareholders of the Corporation who call a meeting of shareholders pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

7.5 Notice of Meetings

Notice of the time and place of each meeting of shareholders (and of each meeting of shareholders adjourned for an aggregate of 30 days or more) shall be given in the manner provided in section 11.1 not less than 21 days and not 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, if any, is entered in the securities register as the holder of one or more shares carrying the right 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 re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit a shareholder to form a reasoned judgment thereon and shall state the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of or otherwise consent to a meeting of shareholders. Attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where that person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

7.6 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

entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 7.7, the shareholders listed shall be those registered at the close of business on the record date and such list shall be prepared not later than ten days after such record date. If no record date is fixed, the list shall be prepared at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held and shall list all shareholders registered at such time. 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 securities register is kept and at the place where the meeting is held.

7.7 Record Date for Notice

The board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting. Notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given.

7.8 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the shareholders entitled to vote at that meeting are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

7.9 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 and who is present at the meeting: chairman of the board, managing director, president or a vice-president who is a shareholder. 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.

7.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to vote at that meeting, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the 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.

7.11 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be at least 2 shareholders, whether present in person or represented by proxy, holding at least 25% of the total number of the issued and outstanding voting shares of the Corporation. Notwithstanding the foregoing, if the Corporation has only one shareholder, or only one shareholder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting.

7.12 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 7.6, every person who is named in such list shall be entitled to vote the shares shown thereon opposite the name of that person except to the extent that such person has transferred any shares after the date on which the list is prepared or, where a record date has been fixed, after the record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that the person owns such shares, demands at any time prior to the meeting that the name of that person be included to vote the transferred shares at the meeting. In the absence of such a list, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

7.13 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or 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 in writing executed by the shareholder or the attorney of that shareholder and shall conform with the requirements of the Act.

7.14 Time for Deposit of Proxies

The board may by resolution and specified in a notice calling a meeting of shareholders fix a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such

notice, unless 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.

7.15 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.

7.16 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by law, be determined by the majority of the votes cast on the question. In the case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall not be entitled to a second or casting vote.

7.17 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. 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 has been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting as to the result of the vote upon the question 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 such question, and the result of the vote so taken shall be the decision of the shareholders upon such question.

7.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may demand a ballot. A ballot so demanded shall be taken in such manner as the chairman shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of the ballot so taken shall be the decision of the shareholders upon the question.

7.19 Electronic Voting by Shareholders

Any vote at a meeting of the shareholders may be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility, if the Corporation makes available such a communication facility.

7.20 Voting while participating electronically

Any person participating in a meeting of shareholders by electronic means as provided in section 7.4 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, by means of the telephone, electronic or other communication facility that the Corporation has made available for that purpose.

7.21 Resolution in Writing

A resolution in writing signed by all of 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.

**SECTION VIII
SECURITIES**

8.1 Registration of Transfer

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 a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by the attorney of that holder or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 8.3.

8.2 Transfer Agents and Registrars

The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

8.3 Lien on Shares

The Corporation has a lien on any share or shares registered in the name of a shareholder or the legal representative of that shareholder for any debt of that shareholder to the Corporation.

8.4 Enforcement of Lien

The lien referred to in section 8.3 may be enforced by any means permitted by law and:

- (a) where the share or shares are redeemable pursuant to the articles of the Corporation by redeeming such share or shares and applying the redemption price to the debt;

- (b) subject to the Act, by purchasing the share or shares for cancellation for a price equal to the book value of such share or shares and applying the proceeds to the debt;
- (c) by selling the share or shares to any third party whether or not such party is at arm's length to the Corporation, and including without limitation any officer or director of the Corporation, for the best price which the directors consider to be obtainable for such share or shares; or
- (d) by refusing to register a transfer of such share or shares until the debt is paid.

8.5 Security Certificates

Every holder of securities of the Corporation shall be entitled, at the option of that holder, to a security certificate, or to a non-transferable written acknowledgement of the right to obtain a security certificate, stating the number and designation, class or series of securities held by that holder as shown on the securities register. Security certificates and acknowledgements of a securities holder's right to a security certificate, respectively, shall be in such form as the board shall from time to time approve. Any security certificate shall be signed in accordance with section 10.1. A security certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of the transfer agent and/or registrar. Any additional signatures required may be printed or otherwise mechanically reproduced. A security certificate executed as aforesaid shall be valid notwithstanding that one of the directors or officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.6 Replacement of Security Certificates

The board, any officer or any agent designated by the board has the discretion to direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated. In the case of a security certificate claimed to have been lost, destroyed or wrongfully taken, the board, any officer or any agent designated by the board shall issue a substitute security certificate if so requested before the Corporation has notice that the security has been acquired by a bona fide purchaser. The issuance of the substitute security certificate shall be on such reasonable terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board or the officer or the agent designated by the board responsible for such issuance may from time to time prescribe, whether generally or in any particular case.

8.7 Joint Shareholders

If two or more persons are registered as joint holders of any security, 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 security.

8.8 Deceased Security Holders

Subject to the provisions of section 8.9, in the event of the death of a holder of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation, which reasonable requirements shall in the discretion of the board not necessarily include the production of letters probate or letters of administration.

8.9 Deceased Jointly-Held Security Holders

Where a share is registered in the name of two or more persons as joint holders with rights of survivorship, upon satisfactory proof of the death of one joint holder and without the requirement of letters probate or letters of administration, the Corporation shall treat the surviving joint holder(s) as the sole owner(s) of the share effective as of the date of death of such joint holder and the Corporation shall make the appropriate entry in the securities register to reflect such ownership.

SECTION IX DIVIDENDS AND RIGHTS

9.1 Dividends

Subject to the Act, the board may from time to time by resolution declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property, subject to the restrictions on the declaration and payment thereof under the Act, or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

9.2 Dividend Cheques

A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers 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 the recorded address of that holder, unless such holder otherwise directs. 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 cheque, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.3 Non-Receipt of Cheques

If any person entitled to receive a dividend cheque notifies the Corporation that the cheque has not been received, the Corporation shall issue 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 may from time to time prescribe, whether generally or in any particular case.

9.4 Record Date for Dividends and Rights

The board may fix in advance a date as a record date for the determination of the persons entitled to receive payment of dividends and to subscribe for securities of the Corporation. Such record date shall not precede by more than 60 days the particular action to be taken. Notice of any such record date shall be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act, unless notice of the record date is waived by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date. If the shares of the Corporation are listed for trading on one or more stock exchanges in Canada, notice of such record date shall also be sent to such stock exchanges. Where no record date is fixed in advance, 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.

9.5 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 X GENERAL

10.1 Execution of Instruments

Contracts, documents and other instruments in writing may be signed on behalf of the Corporation by such person or persons as the board may from time to time designate by resolution. In the absence of an express designation as to the persons authorized to sign either contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing, any two (2) of the directors or officers of the Corporation may sign contracts, documents or instruments in writing on behalf of the Corporation. The corporate seal, if any, of the Corporation may be affixed to any contract, obligation or instrument in writing requiring the corporate seal of the Corporation by any person authorized to sign the same on behalf of the Corporation.

The phrase "contracts, documents and other instruments in writing" as used in this provision shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities, all paper writings, all cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange.

10.2 Electronic Signatures

Any requirement under the Act or this by-law for a signature, or for a document to be executed, is satisfied by a signature or execution in electronic form if such is permitted by law and all requirements prescribed by law are met.

10.3 Voting Rights in other Corporations

All securities carrying voting rights of any other corporation held from time to time by the Corporation may be voted at any and all meetings of shareholders, bond holders, debenture holders or holders of other securities (as the case may be) of such other corporation and in such manner as the board may from time to time determine. Any person or persons authorized to sign on behalf of the Corporation may also from time to time execute and deliver proxies for and on behalf of the Corporation and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote for and on behalf of the Corporation in such names as they may determine.

SECTION XI NOTICES

11.1 Method of Sending Notice

Any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer or to the auditor shall be sufficiently sent if: (a) delivered personally to the person to whom it is to be sent, (b) delivered to the recorded address or mailed to the recorded address of that person by prepaid mail, (c) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication, or (d) provided as an electronic document to the information system of that person. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses its own facilities or information system and otherwise when delivered to the appropriate communication company or agency or its representative for dispatch. Notices sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been received on the business day on which such notices were sent, or on the next business day following, if sent on a day other than a business day. The secretary may change or cause to be changed the recorded address, including any address to which electronic communications of any kind may be sent, of any shareholder, director, officer or auditor in accordance with any information believed by the secretary to be reliable. The recorded address of a director shall be the latest address of that director as shown in the records of the Corporation or in the most recent notice filed under the Act, whichever is the more current.

- (a) A requirement under the Act or this by-law to provide a person with a notice, document or other information is not satisfied by the provision of an electronic document unless:
 - (i) the addressee has consented, in the manner prescribed under the Act, and has designated an information system for the receipt of the electronic document;
 - (ii) the electronic document is provided to the designated information system, unless otherwise prescribed in the Act;
 - (iii) the Act has been complied with;
 - (iv) the information in the electronic document is accessible by the sender so as to be usable for subsequent reference; and
 - (v) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference.
 - (b) An addressee may revoke consent to receive electronic documents in the manner prescribed in the Act.
 - (c) A requirement under the Act for one or more copies of a document to be provided to a single addressee at the same time is satisfied by the provision of a single version of the electronic document. A requirement under the Act to provide a document by registered mail is not satisfied by the sending of an electronic document unless prescribed under the Act.
 - (d) A requirement under the Act for a signature or for a document to be executed, except with respect to a statutory declaration or an affidavit, is satisfied if, in relation to an electronic document, the requirements prescribed under the Act are met and if the signature results from the application by a person of a technology or a process that permits the following to be proven:
 - (i) the signature resulting from the use by a person of the technology or process is unique to the person;
 - (ii) the technology or process is used by a person to incorporate, attach or associate the person's signature to the electronic document; and
 - (iii) the technology or process can be used to identify the person using the technology or process.
-

11.2 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 sent to one of such persons shall be sufficient notice to all of them.

11.3 Computation of Time

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

11.4 Undelivered Notices

If any notice sent to a shareholder pursuant to section 11.1 is returned on three consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until that shareholder informs the Corporation in writing of a new address.

11.5 Omissions and Errors

The accidental omission to send any notice to any shareholder, director, officer or to the auditor 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.

11.6 Persons Entitled by Operation of Law

Every person who, by operation of law, transfer or by 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 sent to the shareholder from whom that person derives title to such share prior to the name and address of that person being entered on the securities register (whether such notice was given before or after the happening of the event upon which that person became so entitled).

11.7 Deceased Shareholders

Any notice duly sent to any shareholder shall be deemed to have been duly served in respect of the shares held by the shareholder (whether held solely or with other persons), notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of such death, until some other person is entered in place of that person in the securities register of the Corporation as the holder or as one of the holders thereof and such service shall for all purposes be deemed a sufficient service of notice to the heirs, executors or administrators of that person and all persons, if any, interested with that person in such shares.

11.8 Waiver of Notice

Any shareholder (or the duly appointed proxyholder of that shareholder), director, officer or auditor may at any time waive any notice, or waive or abridge the time for any notice, required to

be given to that shareholder under any provisions of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement 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 which may be given in any manner.

11.9 Execution of Notices

The signature of any director or officer of the Corporation to any notice may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

11.10 Proof of Service

A certificate of any officer or director of the Corporation in office at the time of making of the certificate or of an agent of the Corporation as to facts in relation to the sending of any notice to any shareholder, director, officer or auditor or publication of any notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

DATED the 11th day of May, 2010.

Per: "R.S. Doman"

Name: R.S. (Rob) Doman

Title: Corporate Secretary
