

## ARTICLE THREE

### DIRECTORS

- 3.01 Quorum.** - The affairs of the Corporation shall be managed by its Board. A majority of directors shall constitute a quorum at any meeting of the directors. Notwithstanding vacancies the remaining directors may act if constituting a quorum.
- 3.02 Qualification.** - No person shall be qualified as a director if he/she is less than 18 years of age; if he/she is of unsound mind and has been so found by a court in Canada or elsewhere; if he/she is not an individual; or if he/she has the status of a bankrupt. A director need not be a shareholder. A majority of the directors shall be resident Canadians, and at least two directors shall not be officers or employees of the Corporation or its affiliates.
- 3.03 Election and Term.** - Each director shall be elected by ordinary resolution by the shareholders at an annual meeting of the shareholders to hold office for the term of office for which he/she is elected, but if upon expiry of the term for which a director is elected no successor director is elected, the director whose term otherwise expires shall continue in office until his/her successor is duly elected. A retiring director shall be eligible for re-election. The election may be by a show of hands unless a ballot is demanded by any shareholder.
- 3.04 Removal of directors.** - Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the directors.
- 3.05 Vacation of office.** - The office of a director shall be vacated upon the occurrence of any of the following events: (a) if he/she dies; (b) if he/she shall be removed from office by ordinary resolution of the shareholders as provided in section 3.04; (c) if he/she ceases to be qualified as provided in section 3.02; or (d) if by notice in writing to the Corporation he/she resigns his/her office and such resignation, if not effective immediately, becomes effective in accordance with its terms.
- 3.06 Vacancies.** - Any vacancy on the Board may be filled for the remainder of its term of office either by the shareholders at a meeting of shareholders called for the purpose or by the Board if the remaining directors constitute a quorum. If the number of directors is increased, a vacancy or vacancies on the Board to the number of the authorized increase in the number of directors shall be filled by the shareholders at a meeting of shareholders called for such purpose.
- 3.07 Canadian majority.** - The Board shall not transact business at a meeting, other than filling a vacancy in the Board, unless a majority of the directors present are resident Canadians, except where
- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
  - (b) a majority of resident Canadians would have been present had that director been present at the meeting.
- 3.08 Meetings by telephone.** - If all the directors consent, a director may participate in a meeting of the Board or of a committee of the Board by means of such telephone or other communications facilities as 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. 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.

- 3.09 Calling of meetings.** - Meetings of the Board shall be held from time to time at the call of the Chairperson of the Board or any two directors. Notice of the time and place of every meeting so called shall be given to each director not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time when the meeting is to be held, unless the purpose of such meeting is to deal with the administration of the Rules in which case notice of the meeting shall be given to each director not less than one hour before the time the meeting is to be held. A notice of the meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the purpose of such meeting is to deal with the administration of the Rules and except where the Act requires such purpose or business to be specified, including any proposal to:
- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
  - (b) fill a vacancy among the directors or in the office of auditor;
  - (c) issue securities;
  - (d) purchase, redeem or otherwise acquire shares of the Corporation;
  - (e) pay a commission for the sale of shares;
  - (f) approve a management proxy circular;
  - (g) approve a take-over bid circular or directors' circular;
  - (h) approve any annual financial statements; or
  - (i) adopt, amend or repeal the By-laws.
- 3.10 First Meeting of New Board.** - Provided a quorum of directors is present and provided that notice has been given to all directors whose term of office has not then ended, the Board may hold a meeting immediately following the meeting of the shareholders at which directors were elected without notice to the directors who were so elected at the meeting of the shareholders.
- 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; and in the case of an equality of votes the Chairperson of the meeting shall not be entitled to an additional or casting vote, and the motion shall be considered lost.
- 3.12 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 party to, a material contract or proposed material contract with the Corporation shall disclose the nature and extent of his/her interest at the time and in the manner provided by the Act. Any such contract or proposed contract shall be referred to the Board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the Board or shareholders, and a director interested in a contract so referred to the Board shall not vote on any resolution to approve the same except as provided by the Act.
- 3.13 Remuneration.** - The directors shall be paid such remuneration as the Board may from time to time determine by resolution. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in attending meetings of the Board, of any committee thereof or of the shareholders. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.
- 3.14 Executive Committee.** - Whenever the Board consists of more than six directors, the Board may elect from its numbers an executive committee consisting of not less than three directors, which committee shall have power to fix its quorum at not less than a majority of its members and, subject to the Act, may exercise all the powers of the Board, subject to any regulations imposed thereon from time to time by the Board.
- 3.15 Audit Committee.** - The Board shall elect annually from among its numbers an audit committee to be composed of not less than three directors, which committee shall have the power to fix its quorum at not less than a majority of its members, of whom a majority shall not be officers or employees of the Corporation or its affiliates. The audit committee shall have the powers and duties provided in the Act, including, but not limited to, the duty to review the financial statements of the Corporation before such financial statements are approved by the directors.

- 3.16 Committees.** - In addition to the provisions of sections 3.14 and 3.15, the Board may from time to time by resolution appoint such committee or committees, or person or persons, as it deems necessary or appropriate, and may delegate (subject to any resolution or direction which the Board may by resolution from time to time make or give and subject to the provisions of the Act) to any such committee or person the powers of the Board and of the Corporation, including the power to hold hearings and to impose penalties, except: the enactment, amendment, or repeal of by-laws ; the election or appointment of directors and officers; the delegation of powers; the hearing of appeals; and any such matters as must by law be performed by the Board itself. Any reference herein to the Board shall, where appropriate, include any such committee or person to whom the Board has delegated any of its powers hereunder. A majority of the members of all such committees shall be resident Canadians.
- 3.17 Rules.** - Subject to the receipt of all necessary approvals, if any, required from regulatory authorities having jurisdiction pursuant to applicable laws, the Board may from time to time by resolution make such rules as it may determine necessary or appropriate to regulate the conduct and business of the Corporation and of the Clearing Members, and may repeal, alter or add to such Rules.
- 3.18 By-laws.** - The Board may from time to time make, repeal, alter or add to any of the By-laws of the Corporation, but any such By-law, repeal, alteration or addition shall only become effective upon
- (i) (A) the written approval of all of the shareholders, or
    - (B) upon the unanimous vote of the shareholders at a meeting of shareholders, and
  - (ii) the receipt of all necessary approvals, if any, required from regulatory authorities having jurisdiction pursuant to applicable laws.