



## BYLAW NO. 325

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### A BYLAW TO AUTHORIZE THE INCORPORATION OF A CORPORATION TO MANAGE AND OPERATE REGIONAL BROADBAND INFRASTRUCTURE

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**WHEREAS** the Regional District may, pursuant to s.263 of the *Local Government Act*, engage in commercial, industrial and business undertakings and incorporate a corporation or acquire shares in a corporation for that purpose;

**AND WHEREAS** the Regional District may only incorporate a corporation or acquire shares in a corporation with the approval of the Inspector of Municipalities or as authorized by regulation;

**AND WHEREAS** the Regional District wishes to incorporate a corporation to manage and operate regional broadband infrastructure;

**NOW THEREFORE** the Board of Directors of the Strathcona Regional District, in open meeting assembled, enacts as follows:

#### **Incorporation Authorized**

1. The Regional District is authorized to incorporate a corporation to manage and operate regional broadband infrastructure.

#### **Corporate Articles**

2. The articles of incorporation for the corporation authorized in section 1 shall conform substantially with those set out in Appendix 'A', attached to and forming part of this bylaw.

#### **Authority to Execute**

3. The Chair and Corporate Officer shall have full authority to execute such documents as may be required to incorporate the corporation following adoption of this bylaw.

**Citation**


4. This bylaw may be cited for all purposes as Bylaw No. 325, being Regional Broadband Corporation Authorization Bylaw 2018.

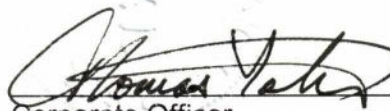
**READ A FIRST TIME ON THE                      20TH DAY OF                      JUNE, 2018**

**READ A SECOND TIME ON THE                      20TH DAY OF                      JUNE, 2018**

**READ A THIRD TIME ON THE                      20TH DAY OF                      JUNE, 2018**

**RECONSIDERED, FINALLY PASSED AND ADOPTED ON THE 20<sup>TH</sup> DAY OF JUNE, 2018**

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Corporate Officer

**APPENDIX 'A'**

**Strathcona Connected Coast Network Corp.  
(the "Company")**

The Company has as its articles the following articles.

Full name and signature of each incorporator	Date of signing
_____ David M. Hunter	_____, 2018

*Incorporation number:* \_\_\_\_\_

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PROVINCE OF BRITISH COLUMBIA  
BUSINESS CORPORATIONS ACT  
ARTICLES OF  
STRATHCONA CONNECTED COAST NETWORK CORP

**1. INTERPRETATION**

**1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (2) "Business Corporations Act" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) "communications network business" means a business undertaking that includes , building, holding, managing, operating and delivering, directly or indirectly, equipment, facilities and services for the transmission, emission or reception of signs, signals, writing, images, sound or intelligence of any nature by wire, fibre optic cable, radio, satellite or other electromagnetic or laser-based system, the ownership and operation of equipment and facilities used for the provision of such services, and all activities and undertakings ancillary thereto;
- (4) "first directors" means the initial directors of the Company described in Article 14.1;
- (5) "FOIPPA" means the *Freedom of Information and Protection of Privacy Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (6) "Full-Term Director" means a director of the Company who was elected or appointed at an annual general meeting;
- (7) "Inspector of Municipalities" means the inspector of municipalities of British Columbia appointed, from time to time, under the *Local Government Act* (British Columbia);
- (8) "legal personal representative" means the personal or other legal representative of the shareholder;
- (9) "local government" means a local government under the *Local Government Act* (British Columbia);
- (10) "Part-Term Director" means a director of the Company who was elected or appointed pursuant to Article 14.3;

- (11) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (12) "seal" means the seal of the Company, if any; and
- (13) "SRD" means the Strathcona Regional District, a regional district under the *Local Government Act (British Columbia)*, including a successor local government entity, if any, from time to time.

### **1.2 Business Corporations Act and Interpretation Act Definitions Applicable**

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

### **1.3 Company Purpose**

The purpose of the Company is to own and operate a communications network business.

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### **2.2 Form of Share Certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### **2.3 Shareholder Entitled to Certificate or Acknowledgment**

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

**2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

**2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

**2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

**2.7 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

**2.8 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

## 2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

## 3. ISSUE OF SHARES

### 3.1 Shareholders Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that, pursuant to section 137 of the *Business Corporations Act*, the shareholders may determine by an ordinary resolution. The issue price for a share with par value must be equal to or greater than the par value of the share.

### 3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### 3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### 3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services performed for the Company;
  - (b) property;
  - (c) money; and

- (d) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register**

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 Closing Register**

The Company must not at any time close its central securities register.

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

### **5.2 Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

**5.3 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

**5.4 Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

**5.5 Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

**5.6 Transfer Fee**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

**6. TRANSMISSION OF SHARES****6.1 Legal Personal Representative Recognized on Death**

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

**6.2 Rights of Legal Personal Representative**

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

**7. PURCHASE OF SHARES****7.1 Company Authorized to Purchase Shares**

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

**7.2 Purchase When Insolvent**

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

**7.3 Sale and Voting of Purchased Shares**

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

**8. BORROWING POWERS**

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate; and

- (3) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company,

except that, without the prior approval of the shareholders by an ordinary resolution, the Company must not guarantee the repayment of money by any other person or the performance of any obligation of any other person; or enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the Company incurring aggregate debt obligations that, if fully drawn, would exceed five million Canadian dollars (CDN \$5,000,000).

## 9. ALTERATIONS

### 9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

### 9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

### **9.3 Change of Name**

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name.

### **9.4 Other Alterations**

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

### **9.5 Consent to Alterations**

Notwithstanding the other provisions of these Articles, including without limitation Article 9.4, the Company will not alter or amend these Articles in any way without the prior written consent of the Inspector of Municipalities.

### **9.6 Consent for Subsidiaries**

The Company will not create, organize or facilitate the incorporation of a subsidiary corporation of the Company without the prior written consent of the Inspector of Municipalities.

## **10. ANNUAL INFORMATION MEETING**

### **10.1 Annual Information Meeting**

The Company will hold an annual information meeting open to the general public. At the meeting, the Company will:

- (1) deliver information about its business and activities over the past year;
- (2) provide attendees with an opportunity to ask questions about the Company's affairs; and
- (3) present the Company's audited financial statements or have them available for inspection.

**11. MEETINGS OF SHAREHOLDERS****11.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

**11.2 Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the Business Corporations Act to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution and, where applicable in these Articles, references to an annual general meeting will be read *mutatis mutandis* as being references to the unanimous resolutions adopted in lieu of such a meeting. The shareholders must, in any unanimous resolution passed under this Article 11.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

**11.3 Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders.

**11.4 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

**11.5 Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

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- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### 11.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### 11.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

#### 11.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 12.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
  - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
  - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

### 12. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

#### 12.1 Special Business

At a meeting of shareholders, the following business is special business:

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- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
  - (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;
  - (c) consideration of any reports of the directors or auditor;
  - (d) the setting or changing of the number of directors;
  - (e) the election or appointment of directors;
  - (f) the appointment of an auditor;
  - (g) the setting of the remuneration of an auditor;
  - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

#### **12.2 No Waiver of Auditor**

Notwithstanding the provisions of the *Business Corporations Act*, including without limitation subsection 203(2) of the *Business Corporations Act*, a resolution to waive the appointment of an auditor will be of no force or effect.

#### **12.3 No Disposal of Assets without Shareholder Approval**

In circumstances where the Company proposes to dispose of any property, where such property:

- (1) was transferred to the Company for less than market consideration by a shareholder that is a local government; or
- (2) represents greater than 15.0% by the then-current market value of the Company's assets

the Company will not dispose of the property, except with the prior written approval of shareholders holding a majority of the issued and outstanding voting shares of the Company and, in the case of (1) including the written approval of the applicable local government shareholder.

**12.4 Preparation and Disclosure of Financial Statements**

The Company's fiscal year end will be December 31 and the Company will appoint an auditor and have audited financial statements prepared as at each fiscal year end. The Company will present, annually at an open meeting of the SRD council, the financial statements of the Company, including the report of the Company's auditor on those financial statements, as presented to the annual general meeting of the Company, within 120 days of the Company's fiscal year end.

**12.5 Special Majority**

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

**12.6 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

**12.7 One Shareholder May Constitute Quorum**

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

**12.8 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), the general manager (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

**12.9 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

**12.10 Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

#### **12.11 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 12.10(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

#### **12.12 Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

#### **12.13 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

#### **12.14 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **12.15 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

**12.16 Decisions by Show of Hands or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

**12.17 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 12.16, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

**12.18 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

**12.19 Casting Vote**

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

**12.20 Manner of Taking Poll**

Subject to Article 12.21, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
  - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

**12.21 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

**12.22 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

**12.23 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

**12.24 Demand for Poll**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

**12.25 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

**12.26 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

**13. VOTES OF SHAREHOLDERS****13.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 13.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

**13.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a

legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **13.3 Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

### **13.4 Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 13.3, deemed to be joint shareholders.

### **13.5 Representative of a Corporate Shareholder**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
  - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
  - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 13.5:
  - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

### **13.6 Proxy Provisions Do Not Apply to All Companies**

Article 13.9 does not apply to the Company if and for so long as it is a public company.

### **13.7 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

### **13.8 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

### **13.9 When Proxy Holder Need Not Be Shareholder**

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 13.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

### **13.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**13.11 Validity of Proxy Vote**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

**13.12 Form of Proxy**

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*name of company*  
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): \_\_\_\_\_

Signed *[month, day, year]*

\_\_\_\_\_

*[Signature of shareholder]*

\_\_\_\_\_

*[Name of shareholder-printed]*

\_\_\_\_\_

**13.13 Revocation of Proxy**

Subject to Article 13.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

- (2) provided, at the meeting, to the chair of the meeting.

#### **13.14 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 13.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 13.5.

#### **13.15 Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

### **14. DIRECTORS**

#### **14.1 First Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*, provided that the persons so designated comprise a board of directors that accords with the requirements of Article 14.2.

#### **14.2 Composition of the Board**

Upon incorporation the Company's board of directors will be composed of the three individuals who then hold the position of the Chair of the Board of the SRD, Chief Administrative Officer of the SRD and the Corporate Officer of the SRD. As soon as is reasonably practicable thereafter and, in any event, by the Company's first annual general meeting, the board of directors will be reconstituted such that, except for circumstances where there are unfilled vacancies, at all times:

- (1) it will have a number of directors determined, from time to time, by an ordinary resolution of the shareholders, except that the number so determined must be not less than five and not more than seven directors;
- (2) the directors are persons determined by the shareholders to have the skills, competencies and experience necessary to fulfil their obligations to the Company; and;
- (3) the directors include:

- (a) at least 4 persons who have telecommunications industry and/or governance skills deemed by the shareholders to be desirable to effectively govern and direct the Company; and
- (b) the individual who then holds the position of Chief Administrative Officer of the SRD.

#### **14.3 Director Position Vacancies**

- (1) The number of directors and composition of the board is determined by Article 14.2. Subject to Article 14.2, the shareholders will, subject to the *Business Corporations Act*, remove, elect or appoint the directors as necessary to maintain in place a board that meets the size and composition requirements of Article 14.2.
- (2) If, within 90 days after becoming aware of a vacancy on the Company's board of directors the shareholders do not elect or appoint the directors needed to fill any such vacancies, then subject to Article 14.2, the remaining directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies. If the shareholders or the directors are appointing new directors to fill more than one vacancy, then in the case of each appointment, the shareholders or the directors must identify the departing director who is being replaced such that the term of office of the new director can be readily determined.

#### **14.4 Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

#### **14.5 Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* and Article 14.2 to become, act or continue to act as a director. If a director, at any time, fails to meet the qualifications under Article 14.2 pursuant to which that director was originally qualified to act or continue to act as a director, then that director will be deemed to have immediately ceased to hold office, without the need for any further act by the board of the shareholders, and the resulting vacancy will be filled in accordance with these Articles.

#### **14.6 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the shareholders may, from time to time, determine by an ordinary resolution, except that the remuneration of the directors must not exceed the amount of the base remuneration, being an amount that excludes extraordinary remuneration such as that payable for service on a board committee, payable, from time to time, to directors of the SRD or, if applicable, a successor entity thereof, in their capacity as directors of that entity. Any such remuneration may be in addition to any salary or other remuneration paid to any officer or employee of a shareholder or the Company as such, who is also a director.

**14.7 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable out-of-pocket expenses that he or she may actually incur in and about the business of the Company.

**14.8 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

**15. ELECTION AND REMOVAL OF DIRECTORS****15.1 Election at Annual General Meeting**

At every other annual general meeting, starting with the Company's second annual general meeting, the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or, by a unanimous resolution, appoint, a board of directors having the composition required under these Articles. A director who has ceased to hold office will be eligible for re-election or re-appointment, provided that the individual in question otherwise qualifies to serve as a director of a company under the Business Corporations Act. Full-Term Directors will have a term of office commencing on the date of the annual general meeting at which they are elected or appointed and terminating immediately prior to the election or appointment of directors at the second annual general meeting of the Company to be held following such date. Part-Term Directors will have a term of office commencing on the date of their election or appointment and terminating immediately prior to the election or appointment of directors at the next annual general meeting of the Company at which directors are elected or appointed.

**15.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

**15.3 Failure to Elect or Appoint Directors**

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 11.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 11.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

**15.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, then the directors of the Company actually elected or continued in office will be entitled to continue to act until the composition of the board of directors is restored in accordance with the requirements of Article 14.2 and any act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

**15.5 Remaining Directors Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

**15.6 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may, subject to the requirements of Article 14.2, elect or appoint directors to fill any vacancies on the board of directors.

**15.7 Ceasing to be a Director**

A director, without any need for notice or further action on the part of the director or the Company, ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company;
- (4) in the case of a director who was an employee of SRD at the time of their appointment or election to the board, the director ceases to be an employee of SRD;
- (5) the director, at any time, fails to meet the qualifications under Article 14.2 pursuant to which that director was originally qualified to act or continue to act as a director; or
- (6) the director is removed from office pursuant to Articles 15.8 or 15.9.

**15.8 Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may, subject to the requirements of Article 14.2, elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then, subject to the requirements of Article 14.2, the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

**15.9 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and, subject to the requirements of Articles 14.2 and 14.3(2), the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

**16. ALTERNATE DIRECTORS****16.1 Appointment of Alternate Director**

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified, under the Business Corporations Act, to act as a director of a company to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to

his or her appointor within a reasonable time after the notice of appointment is received by the Company.

#### **16.2 Notice of Meetings**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

#### **16.3 Alternate for More Than One Director Attending Meetings**

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

#### **16.4 Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

#### **16.5 Alternate Director Not an Agent**

Every alternate director is deemed not to be the agent of his or her appointor.

#### **16.6 Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

#### **16.7 Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

#### **16.8 Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

### **17. POWERS AND DUTIES OF DIRECTORS**

#### **17.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

#### **17.2 Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

#### **17.3 Setting the Remuneration of Auditors**

The directors may from time to time set the remuneration of the auditors of the Company.

**18. DIRECTORS' CONFLICTS OF INTEREST****18.1 Scope of Conflict Provisions**

This Article 18 applies to directors in relation to meetings of the Company's board of directors, meetings of committees of the Company's board of directors, and resolutions in writing of the Company's board of directors.

**18.2 Disclosure of Interest**

If a director attending a meeting or considering a resolution in writing considers that he or she is not entitled to and must not:

- (1) participate in the discussion of a matter; or
- (2) vote on or otherwise approve a resolution in respect of a matter,

because the director has a direct or indirect pecuniary interest in the matter, or for any other reason, then the director must declare this to the other directors and state the general nature of why the director considers this to be the case.

**18.3 Consequences of Disclosable Interest**

After making a declaration on the basis described Article 18.2 a director must:

- (1) not take part in the discussion of the matter and is not entitled to vote on or otherwise approve any question in respect of the matter;
- (2) leave the meeting or that part of the meeting during which the matter in question is under consideration; and
- (3) not attempt in any way, whether before, during or after the matter is considered by the other directors, to influence the directors decisions on any question in respect of the matter, provided that the director making the declaration must, to the extent he or she is able and in a timely manner, inform the remaining directors of any risks to the Company associated with the matter in question to the extent necessary to fulfil his or her duties to the Company.

**18.4 Record of Disclosure**

If a declaration is made by a director pursuant to Article 18.2, the Chair or other person who presided at the meeting will ensure that minutes of the meeting record in writing the substance of the declaration and the fact that the director making the declaration was not present for that part of the meeting during which the matter in question was under consideration.

**18.5 Prohibitions**

Whether or not a declaration is made under Article 18.2, if a director has a direct or indirect pecuniary interest in a matter the director must not:

- (1) participate in the discussion of a matter;
- (2) vote on or otherwise approve a resolution in respect of a matter; or
- (3) attempt in any way, whether before, during or after the matter is considered by the other directors, to influence the directors decisions on any question in respect of the matter, provided that the interested director must, to the extent he or she is able and in a timely manner, inform the remaining directors of any risks to the Company associated with the matter in question to the extent necessary to fulfil his or her duties to the Company.

**18.6 Exceptions to Conflict Provisions**

Article 18.5 does not apply if:

- (1) the pecuniary interest of the director is a pecuniary interest in common with the residents of SRD generally;
- (2) the matter relates to remuneration or expenses payable to one or more directors in relation to their duties as directors; or
- (3) the pecuniary interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence the director in relation to the matter.

**18.7 Duty to Account and Disqualification**

A person who contravenes Article 18.5 is, in addition to any consequences that may arise under the provisions of the *Business Corporations Act*, disqualified from continuing to hold office as a director unless the contravention was due to reasonable inadvertence or because of an error in judgment made in good faith.

**18.8 Interested Director Counted in Quorum**

Notwithstanding that, by operation of this Article 18, a director is prohibited from participating in the discussion of a matter, or voting on or otherwise approving a resolution in respect of a matter, such director(s) may be counted for the purpose of determining whether a quorum of directors is present for the transaction of business at any meeting of the Company's board of directors or a committee of the Company's board of directors.

**18.9 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

**18.10 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

**18.11 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

**18.12 Director or Officer in Other Companies**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

**19. PROCEEDINGS OF DIRECTORS****19.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

**19.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

**19.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:

- (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
- (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
- (c) the chair of the board, and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

#### **19.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 19.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

#### **19.5 Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

#### **19.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 19.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 25.1 or orally or by telephone.

#### **19.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed;
- (2) the director or alternate director, as the case may be, has waived notice of the meeting;
- (3) all of the Company's directors are present for the meeting;

- (4) the meeting is being held according to a schedule for regular meetings determined by the directors pursuant to Article 19.1 and all directors have been given reasonable notice of the particulars of that schedule.

#### **19.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

#### **19.9 Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

#### **19.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of the directors in office at the time of the transaction of the subject business.

#### **19.11 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

#### **19.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A

resolution of the directors or of any committee of the directors passed in accordance with this Article 19.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **20. EXECUTIVE AND OTHER COMMITTEES**

### **20.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **20.2 Appointment and Powers of Other Committees**

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (a) the power to fill vacancies in the board of directors;
  - (b) the power to remove a director;
  - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

**20.3 Obligations of Committees**

Any committee appointed under Articles 20.1 or 20.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

**20.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 20.1 or 20.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

**20.5 Committee Meetings**

Subject to Article 20.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 20.1 or 20.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

**21. OFFICERS****21.1 Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

**21.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

**21.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

**21.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

**22. INDEMNIFICATION****22.1 Definitions**

In this Article 22:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) "expenses" has the meaning set out in the *Business Corporations Act*, and

- (4) "officer" means an individual appointed by the board of directors to serve as an officer of the Company:
- (a) in the capacity of chair or vice chair of the board of directors, or chief executive officer, chief operating officer, chief financial officer, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer or general manager; or
  - (b) to perform functions similar to those normally performed by an individual referred to in (a).

#### **22.2 Mandatory Indemnification of Directors and Officers**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director, alternate director, officer or former officer of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director, alternate director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 22.2.

#### **22.3 Indemnification of Other Persons**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

#### **22.4 Non-Compliance with Business Corporations Act**

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

#### **22.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **23. DIVIDENDS**

### **23.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article 23 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **23.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the Company may from time to time declare and authorize payment of such dividends that, pursuant to section 137 of the *Business Corporations Act*, the shareholders may determine by an ordinary resolution.

### **23.3 Record Date**

In resolving to declare and authorize the payment of dividends pursuant to Article 23.2, the shareholders may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the shareholders pass the resolution declaring the dividend.

### **23.4 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

### **23.5 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 23.4, the shareholders may, in resolving to declare and authorize the payment of dividends pursuant to Article 23.2, settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

### **23.6 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by a resolution of the shareholders adopted pursuant to Article 23.2.

**23.7 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

**23.8 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

**23.9 Dividend Bears No Interest**

No dividend bears interest against the Company.

**23.10 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

**23.11 Payment of Dividends**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

**23.12 Capitalization of Surplus**

Notwithstanding anything contained in these Articles, pursuant to section 137 of the *Business Corporations Act* and in accordance with the terms of an ordinary resolution of the shareholders, the Company may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

**24. DOCUMENTS, RECORDS AND REPORTS****24.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

## 24.2 Inspection of Company Records

Shareholders will be entitled to discovery of any and all information respecting any details or conduct of the Company's business and affairs, limited only to the extent that the directors, acting in good faith and acting in accordance with the requirements of FOIPPA, determine it would be inexpedient in the interests of the Company to make certain information available and neither the *Business Corporations Act* nor FOIPPA otherwise require that the Company make such information available to its shareholders. Subject to the foregoing and the rights conferred by the *Business Corporations Act*, the directors may from time to time, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Company or any of them will be open to the inspection of shareholders and no shareholder will have any right to inspect any document or book or register or accounting record of the Company except as conferred by statute or authorized by the board of directors or by a resolution of the shareholders. In addition, and notwithstanding the foregoing, copies of these Articles, the Company's central securities register, the published annual audited financial statements of the Company, and any other records of the Company that the *Business Corporations Act* requires be made available for inspection by members of the public at its records office, will be made available for inspection by members of the public SRD's principal business office during normal business hours.

## 25. NOTICES

### 25.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
  - (a) for a record mailed to a shareholder, the shareholder's registered address;
  - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
  - (a) for a record delivered to a shareholder, the shareholder's registered address;
  - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

- (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class, except that the sender's fax must issue an unqualified confirmation that all pages of the fax transmission were received at the fax number provided by the intended recipient;
- (4) sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class or type; or
- (5) physical delivery to the intended recipient.

#### **25.2 Deemed Receipt of Mailing**

A record that is mailed or e-mailed to a person by ordinary mail or e-mailed to a person to the applicable address for that person referred to in Article 25.1 is deemed to be received by the person to whom it was mailed on the earlier or the day on which the intended recipient acknowledges receipt of the delivery and the day, Saturdays, Sundays and holidays excepted, following the date of mailing or e-mailing, as the case may be.

#### **25.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 25.1, prepaid and mailed or otherwise sent as permitted by Article 25.1 is conclusive evidence of that fact.

#### **25.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

#### **25.5 Notice to Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **26. SEAL**

### **26.1 Who May Attest Seal**

Except as provided in Articles 26.2 and 26.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

### **26.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 26.1, the impression of the seal may be attested by the signature of any director or officer.

### **26.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

**27. PROHIBITIONS****27.1 Definitions**

In this Article 27:

- (1) "designated security" means:
  - (a) a voting security of the Company;
  - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (3) "voting security" means a security of the Company that:
  - (a) is not a debt security, and
  - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**27.2 Application**

Article 27.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

**27.3 Consent Required for Transfer of Shares or Designated Securities**

No share or designated security may be sold, transferred or otherwise disposed of without, pursuant to section 137 of the *Business Corporations Act*, the consent of the shareholders by an ordinary resolution, and no shareholder is required to give any reason for refusing to consent to any such sale, transfer or other disposition.

**28. BUSINESS RESTRICTIONS****28.1 Local Government Security and Guarantees**

The Directors will not authorize the Company to borrow money on security provided by the any local government shareholder, or the repayment of which is guaranteed by a local government shareholder, except where the local government provides such security or guarantee in a manner permitted by law.

**29. MISCELLANEOUS**

**29.1 Freedom of Information**

Whether or not FOIPPA applies to the Company, for so long as the SRD is a shareholder of the Company, the Directors will cause the Company to make Company documents available to the public where that Act would require that they be disclosed if it did apply to the Company. These documents must be available for inspection at the local government office.