

BY-LAW No. 1

As revised November 29, 2006

A by-law relating generally to the transaction of the business and affairs of Northeast Avalon ACAP Inc.

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Part 1 - Interpretation

1.1 Definitions.

Unless the context requires otherwise, this is the meaning to be attributed to the following terms:

"Act" means the Corporations Act of Newfoundland;

"Active member" means a member of the Company in accordance with the by-laws;

"Appoint" includes 'elect' and vice versa;

"By-laws" mean this by-law and all other laws of the Company;

"Company" means Northeast Avalon ACAP Inc., a company incorporated under the Act;

"Executive Director" means the senior staff member employed by the Company. This position may be shared between two staff members;

"Government representative Director" means a Director representing municipal, provincial or federal government;

"Meeting of members" includes annual general meeting of members;

"Officers of the Company" means the President, the Vice-president, the Secretary and the Treasurer;

"Special meeting of members" means any meeting of members other than the annual general meeting;

"Signing officer" means any person, who is authorized by a resolution passed to that effect, to sign an instrument on behalf of the Company;

"Territory" means those areas of land which include the watersheds and coastal areas of the Northeast Avalon that are bounded by the Witless Bay Line from Holyrood to Witless Bay and north to Cape St. Francis.

Part 2 - Business of the Company

- 2.1 The head office of the Company shall be located in the Territory.
- 2.2 An annual report on the financial status of the Company shall be made by an independent auditor appointed for this purpose by members at each annual general meeting.
- 2.3 Authority to sign on behalf of the Company:
- (a) all deeds, transfers, assignments, contracts, obligations, certificates, and any other instruments of the Company, shall be signed by two Officers of the Company: The President or Vice-president, and the Secretary or Treasurer.
- (b) cheques shall be signed by two Officers of the Company or one Officer of the Company and the Executive Director. Where the Executive Director position is shared, the President shall name one to have cheque signing authority.
- 2.4 The banking business of the Company shall be transacted with a banking institution designated by the Board of Directors of the Company.
- 2.5 The financial year end of the Company shall be March 31 or any other day of business determined by the Board of Directors of the Company.

Part 3 - Membership

- 3.1 Members: The following shall be members of the Company;

(a) on the occasion of annual general meetings of the Company, all those persons who attended and registered for membership and have been approved by the Company.

(b) individuals whose written applications for membership expressing an interest in the objectives and purposes of the Company have been approved by the Company

3.2 Rights of Members: Members shall have the right to attend and vote at meetings of members, be eligible to be elected Officers and Directors of the Company, be eligible to chair or serve on standing and advisory committees and shall be entitled to audited annual financial statements of the Company.

3.3 Cessation of Membership: Any member shall cease to be a member and their name removed from the register of members upon delivering a written resignation to the Company.

Part 4 - Meetings of Members

4.1 Annual Meetings: Annual meeting shall be convened by the Board for the presentation of annual reports, receiving the Auditor's Report, electing Directors and Officers, appointing an Auditor and fixing or authorizing the Board to fix the Auditor's compensation, and transacting any other business that may be brought before the meeting.

4.2 Other Meetings: At any time twenty-five percent of members shall have the power to order a Special meeting of members.

4.3 Place of Meetings: To advise both members and the general public, a five day notice of the time and place shall be given before each meeting by having an announcement to that effect placed in the local media and by any other means as the Board may determine satisfactory.

4.4 Meetings without Notice: A meeting of members may be held without notice at any time if all members entitled to vote are present or waive notice. Any Company business may be transacted at such a meeting subject to Section 4.7.

4.5 Persons Entitled to be Present: Anyone may attend meetings of the Company, and an official voluntary recording of all persons attending shall be made to establish the qualifications of individuals attending for membership.

4.6 Organization of the Meeting: The President, or in the absence of that person, the Vice-president, shall chair any meeting of members. Provided there is a quorum, and if no qualified Company Officer is present within

fifteen minutes of the time fixed for the meeting, persons present and entitled to vote shall choose one of their number to chair the proceedings and appoint some person, who need not be a member, to be the secretary of the meeting.

- 4.7 Quorum: A quorum for the transaction of business at a meeting of members shall be all of those members who are present at the meeting.
- 4.8 Right to Vote: All members are entitled to vote at meetings of members. There shall be no voting by proxy.
- 4.9 Votes to Govern: At meetings of members, all questions including that of adjournment shall be presented in the form of a resolution and the outcome determined by a majority of the votes cast. The chair shall only be entitled to vote in the case of a tie.
- 4.10 Show of Hands: Unless a member present and entitled to vote requests that a resolution be determined by a poll, any question at a meeting of members may be determined by a show of hands and the Chair shall determine whether the motion has been carried.
- 4.11 Polls: The manner and conduct of a poll on any questions proposed for consideration shall be determined as the Chair directs.
- 4.12 Adjournment: The person chairing a meeting of members may adjourn the meeting with the consent of members present, subject to the conditions decided at the meeting.

Part 5 - Board of Directors

- 5.0 Responsibilities of the Board: The Board shall manage the business of the Company.
- 5.1 Right to Vote: Each Director shall have one vote, except government representative Directors who shall not be entitled to vote.
- 5.2 Number & Quorum: the Board of Directors shall be composed of a maximum of twenty-one Directors. Fifty per cent (50%) plus one of the voting Directors shall constitute a quorum for the transaction of business.
- 5.3 *Amended 14/09/2015* Qualifications: A Director shall be a member in good standing at the time of election, and shall remain a member as long as in office. If a Director should miss three consecutive meetings without prior notification, the Director shall no longer be considered a member in good standing.

5.4 Constitution of the Board: Thirteen Directors-at-large, elected by the membership at the annual general meeting, and eight Directors appointed by supporting levels of government, shall constitute the Board of Directors. The thirteen Directors-at-large shall be voting Directors and the appointed Directors shall have the right to speak to all issues before the Board but shall not have the right to vote.

5.5 Election & Term: At each annual general meeting, Directors whose term in office is completed shall retire, and there shall be elections to replace those Directors-at-large whose two year term is completed. The election of a complete or partial slate of Directors proposed by an outgoing Board shall be by resolution, and may be decided by a show of hands unless a poll is demanded by one or more members in attendance.

The Board of Directors shall designate a President, Vice-president, Secretary, and Treasurer for a one year term at the first full meeting of the Board of Directors following the Annual General Meeting.

5.6 *Amended 14/09/2015* Removal of Directors: Any Directors may be removed before the end of a term of office by a resolution passed by at least two thirds of the votes cast at a meeting of Board of Directors called for that purpose. Any Director may resign by notifying the Board in writing of their intention. A vacancy on the Board may be filled by the Board until the next annual general meeting.

5.7 Validity of Acts of Directors: All acts done in good faith by any meeting of the Board will be considered in keeping with the provisions of these-By-laws even though it be afterwards discovered that there was some defect in the election or appointment of any member of the Board.

5.8 Meetings: The Board may meet anywhere desired within the Territory. The President, or the Vice-president in the former's absence, or any three Directors making a joint request in writing, may at any time convene a meeting of the Board.

A notice of forthcoming meeting shall be sent to all members of the Board one week in advance, unless all members of the Board consent otherwise, or if those absent have signified their consent to the meeting being held in their absence. If a quorum is not available within fifteen minutes of the time called for a meeting, a supplementary meeting of the Board will be convened with verbal notice one week later. Adjournment of any meeting of the Board shall be as members do determine by a vote.

5.9 Business of the Board: The President, or the Vice-president in the former's absence, shall chair the meetings of the Board, and if neither of these is

available, and provided a quorum is present, one of those in attendance shall be chosen to chair the meeting. Every question to be decided by the Board shall be by ordinary resolution determined by a majority of votes cast on the questions, and the Chair shall cast a vote only in case of a tie.

- 5.10 Confidential Matters: To protect the rights of individuals concerned, information supplied by job applicants and all questions of personnel management related to specific individuals employed by the Company shall be the exclusive responsibility of the Board.

The Board may withhold giving any information respecting any details or conduct of the Company's business to a member if it judges that it is not expedient and in the interest of the Company to communicate this to the public.

- 5.11 Members Attending: Any Member of the Company in good standing may attend meetings of the Board of Directors as an observer and shall not take part in the proceedings.

- 5.12 Conflict of Interest: No Officer of the Company shall contract to do any work for the Company. Although no Director-at-large shall be disqualified by that office from contracting with the Company, the affected Director-at-large shall not be present during discussion of or cast a vote with respect to that contract. A Director, who at any time has a real or potential conflict of interest, shall immediately declare it in writing to the Board. If a Board member is unsure whether a conflict of interest exists, the member shall state the nature of the situation to the Board and the Board, by simple majority, shall decide whether or not a conflict exists.

- 5.13 Compensation & Expenses: No compensation shall be paid for Directors acting in that capacity. If approved by the Board, Directors shall be reimbursed for reasonable expenses incurred in the performance of their duties.

- 5.14 Sale of Assets: The Board may sell or otherwise dispose of the assets and undertakings of the Company, or any part thereof, for such consideration as they deem fit, including the shares, bonds, debentures, debenture stock, notes, or other securities or obligations of any other Company.

- 5.15 Executive Committee: The Board shall create an Executive committee composed of the Officers and any such Directors-at-large as the Board decides and this committee shall exercise all the powers conferred upon it by the Board.

- 5.16 Other Committees: The Board may create such other standing and advisory committees as are required to provide the greatest opportunity

possible for the participation of members in the affairs of the Company, and in doing so, may appoint persons who are not members of the Company. The Board may appoint one or more Directors or members of the Company to chair standing and advisory committees or otherwise take special part in the work of the Company.

- 5.17 Committee Procedures: The latest edition of Robert's Rules of Order shall be used to conduct meetings.

Part 6 - Officers

- 6.1 Appointment & Removal: A President, Vice-president, Secretary, and Treasurer, shall be appointed for a one year term by the Board of Directors and any of these Officers may be removed from office by a two thirds majority voting on a motion to that effect at a special meeting of Board of Directors. If any of these four offices become vacant for any reason, the Board shall elect someone from among its members to fill a vacancy until the next annual general meeting of members.
- 6.2 President: The President shall be the chief executive Officer and shall chair meetings of the Board of Directors, sign instruments as required, and shall be an ex-officio member of any committee created by the Board.
- 6.3 Past President: The immediate Past President shall be an ex-officio member with voting privileges of the Board.
- 6.4 Vice-president: When absent, the President's duties shall be assumed by the Vice-president, and at other times, the duties shall be as determined by the President.
- 6.5 Secretary: The Secretary shall issue notices of meetings, shall keep a record of all proceedings of the Board, shall be the custodian of the books, records, papers, and instruments belonging to the Company and shall perform such other duties as the Board may direct from time to time.
- 6.6 Treasurer: The Treasurer shall keep proper accounting records, be responsible for the deposit of money, safeguard Company securities, disburse Company funds as required by the Board, report the financial position of the Company and account for all transactions at the request of the President or the Board. All disbursement of Company funds shall be by cheque signed by the Treasurer and one other designated signing officer.
- 6.7 Transfer of Powers: With the exception of the offices of the President and Vice-president, the powers and duties of other Company Officers may be

exercised and performed by one or more assistants, with the approval of the Board.

- 6.8 Powers & Duties of Assistants: The power and duties of all assistants engaged by the Company shall be such as the terms of their engagement calls for, or as the President may prescribe from time to time.

Part 7 – Staff

- 7.1 Staff Reporting: Staff shall report to the President or other member of Executive Committee as designated by the President.
- 7.2 Staff Travel: All travel for the Company by staff outside the Territory shall be approved, in advance, by the President or other member of Executive Committee as designated by the President.

Part 8 - Liability Protection

- 8.1 Limitation of Liability: Unless occasioned by their own wilful neglect or default or wrongful and wilful act, no Director or Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer or employee, or for joining in any receipt or other act of conformity, or any loss, damage or expense happening to the Company though the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Company shall be deposited, or for any loss occasioned by any error of judgement or oversight on their part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto.
- 8.2 Indemnity: Every Director and Officer of the Company, and every other person who has undertaken or is about to undertake any liability on behalf of the Company and their heirs, executors, administrators and other legal personal representatives, shall from time to time be indemnified and saved harmless by the Company from and against:

(a) any liability and all costs, charges, and expenses that are sustained or incurred in respect of any action, suit or proceeding that is proposed or commenced against them, or in respect of anything done by them, in respect of the execution of the duties of their office or undertaking; and,

(b) all approved costs, charges and expenses that they sustain or incur in respect to the affairs of the Company.

- 8.3 Approval of Expenditures: All expenditures shall be approved by the Board of Directors at regular Board meetings.

Part 9 - General Borrowing

- 9.1 General Borrowing: The Board of Directors may not borrow money:

This by-law shall remain in force and be binding upon the Company as regards any party acting on the faith thereof, until a copy, certified by the Secretary of the Company under the Company's seal of a by-law repealing or replacing this by-law shall have been received by such party.

Part 10 - Amendments

- 10.1 Amendments: By-laws of the Company may be enacted, amended or repealed, by resolution of the Board sanctioned by an affirmative vote of at least two-thirds of the members at a meeting, or at a special meeting called for the purpose of considering that by-law.

