

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs
of

WESTLEAF INC.
(hereinafter referred to as the “Corporation”)

SECTION 1 INTERPRETATION

1.01 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

- (a) “**Act**” means the *Business Corporations Act*, RSA 2000, c B-9, and any statute that may be substituted therefor, as from time to time amended;
- (b) “**appoint**” includes elect and vice versa;
- (c) “**Articles**” includes the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution and articles of revival of the Corporation, and any amendment to any of them;
- (d) “**Board**” means the board of directors of the Corporation;
- (e) “**By-laws**” means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (f) “**Corporation**” means Westleaf Inc.;
- (g) “**Director**” means an individual who is duly elected or appointed as a director of the Corporation;
- (h) “**Indemnified Party**” has the meaning set out in section 5.02 for purposes of that section;
- (i) “**Officer**” means any officer of the Corporation appointed by the Board.

1.02 Interpretation - In the By-laws, except if defined in section 1.01 or the context does not permit:

- (a) words and expressions defined in the Act have the meaning given to them in the Act;

- (b) words importing the singular include the plural and vice versa;
- (c) words importing gender include masculine, feminine and neuter genders; and
- (d) words importing persons include bodies corporate.

1.03 **Headings**

The headings used in the By-laws are inserted for convenience of reference only. The headings are not to be considered or taken into account in construing the terms of the Bylaws nor are they to be deemed in any way to clarify, modify or explain the effect of any term of the By-laws.

1.04 **Section 1.04 By-laws Subject to the Act, etc.**

The By-laws are subject to the Act, any unanimous shareholder agreement relating to the Corporation and the Articles, in that order.

SECTION 2 **SHAREHOLDERS**

2.01 **Place and Time of Meetings**

Meetings of shareholders may be held at any jurisdiction permitted by the Act and the Articles and at the time the Board determines.

2.02 **Calling of Meetings**

The Board must call an annual meeting of shareholders not later than fifteen months after holding the last preceding annual meeting and may at any time call a special meeting of shareholders.

2.03 **Notice of Meetings**

Notice of the time and place of a meeting of shareholders must be sent not less than twenty-one days and not more than fifty days before the meeting:

- (a) to each shareholder entitled to vote at the meeting;
- (b) to each director; and
- (c) to the auditor of the Corporation.

2.04 **Notice to Joint Shareholders**

If two or more persons are registered as joint holders of any share, notice to one of those persons is sufficient notice to all of them. A notice must be addressed to all those joint holders and the address to be used by the Corporation must be the address appearing in the securities register of the Corporation in respect of that joint holding or the first address appearing if there is more than one address.

2.05 Failure to Give Notice

The accidental failure to give notice of a meeting of shareholders to any person entitled to a notice or any error in a notice not affecting its substance does not invalidate any action taken at the meeting to which the notice relates.

2.06 Waiver of Notice

A shareholder or any other person entitled to attend a meeting of shareholders may waive, in any manner, notice of a meeting of shareholders. Attendance or representation of a shareholder or other person at a meeting of shareholders is a waiver of notice of the meeting, except when the shareholder or other person attends or is represented at the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

2.07 Notice of Adjourned Meetings

With the consent of the shareholders present at a meeting of shareholders, the chairperson may adjourn that meeting to another fixed time and place. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than thirty days, it is not necessary to give notice of the adjourned meeting, other than by verbal announcement at the time of the adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting must be given as for the original meeting.

2.08 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders are:

- (a) the shareholders entitled to vote at the meeting;
- (b) any individual authorized by a resolution of the directors or governing body of a body corporate or association which is a shareholder entitled to vote at the meeting;
- (c) the directors and officers;
- (d) the auditor of the Corporation; and
- (e) any others who, although not entitled to vote, are entitled or required under any provision of the Act, any unanimous shareholder agreement, the Articles or the By-laws to be present at the meeting.

Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

2.09 Meeting by Electronic Means/Telephone

Any person described in paragraphs (a) through (e) of section 2.08 may participate in a meeting of the shareholders by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other. A shareholder participating in a meeting by electronic means, telephone or other communication facilities is deemed to be present at the meeting.

2.10 Quorum

If there is only one shareholder, or one holder of a class of shares, that shareholder in person or by proxy constitutes a meeting.

If there are two or more shareholders or two or more holders of a class of shares, a quorum of shareholders is present at a meeting of shareholders if at least one person is present in person, who is entitled to vote at a meeting, and who holds or represents by proxy in the aggregate not less than 5% of the total number of shares entitled to be voted at the meeting.

2.11 Loss of Quorum

If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, even if a quorum is not present throughout the meeting.

2.12 Chairperson

The chairperson of any meeting of shareholders will be the first mentioned of the following officers (if appointed) present at the meeting: Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, Senior Vice-President or any other Vice-President. If none of the Chairman of the Board, President or Senior Vice-President is present at the meeting, and if more than one Vice-President is present, the first Vice-President to arrive will be chairperson of the meeting. If none of the foregoing officers is present, the shareholders present and entitled to vote at the meeting may choose a chairperson from among those individuals present.

2.13 Procedure at Meetings

The chairperson of any meeting of shareholders will conduct the proceedings at the meeting in all respects. The chairperson's decision on any matter or thing relating to procedure, including, without limiting the generality of the foregoing, any question regarding the validity of any instrument of proxy, is conclusive and binding upon the shareholders.

2.14 Voting

Unless otherwise declared by the chairperson, voting at a meeting of shareholders will be by a show of hands of those present in person or represented by proxy or by a verbal poll of those present by telephone or other communication facilities. If a ballot is required by the chairperson of the meeting or is demanded by a shareholder or proxy entitled to vote at the meeting, either before or on the declaration of the result of a vote by a show of hands or verbal poll, voting must

be by ballot. A demand for a ballot may be withdrawn at any time before the ballot is taken. If a ballot is taken on a question, a prior vote on that question by show of hands or verbal poll has no effect. At every meeting a shareholder present in person or represented by proxy or present by telephone or other communication facilities and entitled to vote has one vote on a show of hands and, subject to the Articles, one vote on a ballot for each share held.

2.15 Decisions on Questions

At every meeting of shareholders all resolutions proposed for the consideration of shareholders must be decided by the majority of votes cast in respect of such resolution, unless otherwise required by the Act or the Articles. In the case of an equality of votes, the chairperson does not, either on a show of hands or verbal poll or on a ballot, have a casting vote in addition to the vote or votes to which the chairperson may be entitled as a shareholder or proxy.

2.16 Resolution in Lieu of Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution is as valid as if it had been passed at a meeting of the shareholders. A resolution in writing may be signed in one or more counterparts, all of which together constitute the same resolution. A facsimile or a duplicate copy produced by electronic means of a signed counterpart of a resolution in writing is as valid as an originally signed counterpart.

2.17 Nomination of Directors

- (1) Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
 - (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
 - (c) by any person (a “**Nominating Shareholder**”): (i) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Section 2.17 and at the close of business on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth below in this Section 2.17.

- (2) In addition to any other applicable requirements, for a nomination to be made only by a Nominating Shareholder, the nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the head office of the Corporation in accordance with this Section 2.17.
- (3) To be timely, a Nominating Shareholder's notice to the Corporate Secretary must be made:
 - (a) in the case of an annual meeting of shareholders, not less than thirty (30) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than fifty (50) days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

To the extent that the applicable annual meeting or special meeting of shareholders is adjourned or postponed, the time periods for the giving of a Nominating Shareholder's notice set forth above shall be calculated based on the new adjourned or postponed date of the annual meeting or special meeting of shareholders and not based on the original date of such meeting.

- (4) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary must set forth:
 - (a) to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residence address of the person; (ii) the principal occupation or employment of the person; (iii) status as a "resident Canadian" (as such term is defined in the Act); ; (iv) the number and class or series of securities in the capital of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the person; (v) the written consent of the person to being named in the notice as a nominee and to serving as a director of the Corporation, if elected; and (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

- (b) as to the Nominating Shareholder giving the notice: (i) the name and address of the Nominating Shareholder; (ii) the number and class or series of securities in the capital of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder; (iii) a brief description of any agreement, arrangement or understanding between the Nominating Shareholder and the person being nominated by the Nominating Shareholder, or any affiliates or associates (within the meaning attributed to such terms under Applicable Securities Laws) of, or any person or entity acting jointly or in concert with the Nominating Shareholder and the person being nominated by the Nominating Shareholder, in connection with the nomination and election as a director of the person being nominated by the Nominating Shareholder; (iv) a brief description of any agreement, arrangement or understanding that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder, the purpose or effect of which is to alter, directly or indirectly, the Nominating Shareholder's economic interest in a security of the Corporation or the Nominating Shareholder's economic exposure to the Corporation; (v) a brief description of any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct or control the voting of any securities of the Corporation or the nomination of directors to the board; and (vi) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

In addition, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

- (5) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 2.17; provided, however, that nothing in this Section 2.17 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

- (6) For the purposes of this Section 2.17
- (a) “**public announcement**” shall mean disclosure in a release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (b) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notice of the securities commission and similar regulatory authority of each province and territory of Canada.

Notwithstanding any other provision of the by-laws, notice given to the secretary of the Corporation pursuant to this Section 2.17 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the head office of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

SECTION 3 **Directors**

3.01 Number of Directors

The Board consists of that number of directors as the shareholders may determine from time to time by ordinary resolution subject to any additional directors appointed by the directors pursuant to the Articles, but there must not be less than the minimum and not more than the maximum number of directors permitted by the Articles at any one time.

3.02 Election and Term of Office

At each annual meeting of shareholders at which an election of directors is required, the shareholders, by ordinary resolution and in accordance with these By-laws and the Corporation's articles, must elect directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders following the election.

3.03 Calling of Meetings

The Chairman of the Board, if any, the Chief Executive Officer, the President or any director may call a meeting of directors. A meeting of directors may be held at any place within the municipality in which the registered office of the Corporation is located or at any other place determined by the Board.

3.04 Notice of Meetings

Notice in writing of the time and place of a meeting of directors must be sent to each director not less than forty-eight hours before the time fixed for that meeting. Notwithstanding the foregoing, when, in the opinion of the Chairman of the Board, the Chief Executive Officer or the President, the calling of a meeting of directors is a matter of urgency, such person may call the meeting on not less than twelve hours before the time fixed for that meeting.

3.05 Failure to Give Notice

The accidental failure to give notice of a meeting of directors to any director entitled to a notice or any error in a notice not affecting its substance does not invalidate any action taken at the meeting to which the notice relates.

3.06 Waiver of Notice

A director may waive, in any manner, notice of a meeting of directors. Attendance of a director at a meeting of directors is a waiver of notice of the meeting, except when the director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

3.07 Meetings without Notice

No notice of meeting need be given:

- (a) to a newly elected Board following its election at an annual or special meeting of shareholders; or
- (b) for a meeting of directors at which a director is appointed to fill a vacancy in the Board, if a quorum is present.

3.08 Meeting by Electronic Means/Telephone

A director may participate in a meeting of directors or of a committee of directors by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other. A director participating in a meeting by electronic means, telephone or other communication facilities is deemed to be present at the meeting.

3.09 **Quorum**

From time to time the directors may fix the quorum for meetings of directors or of a committee of directors, but unless so fixed, a majority of the directors or of a committee of directors constitutes a quorum and, to the extent required by the Act, no business may be transacted unless at least one-quarter of the directors present are resident Canadians.

3.10 **Chairperson of Meetings**

The chairperson of any meeting of directors will be the first mentioned of the following officers (if appointed) who is a director and is present at the meeting: Chairman of the Board, Chief Executive Director, President, Senior Vice-President or any other Vice-President. If none of the Chairman of the Board, President or Senior Vice-President is present at the meeting, and if more than one Vice-President is present, the first Vice-President to arrive will be chairperson of the meeting. If none of the foregoing officers is present, the directors present may choose one of their number to be chairperson of the meeting.

3.11 **Decision on Question**

At every meeting of directors all resolutions proposed for the consideration of the directors must be decided by the majority of votes cast in respect of such resolution. In the case of an equality of votes, the chairperson does not have a casting vote.

3.12 **Resolution in Lieu of Meeting**

A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors is as valid as if it had been passed at a meeting of directors or committee of directors. A resolution in writing may be signed in one or more counterparts, all of which together constitute the same resolution. A facsimile or a duplicate copy produced by electronic means of a signed counterpart of a resolution in writing is as valid as an originally signed counterpart.

3.13 **Borrowing Power**

Without authorization of the shareholders, the directors may authorize the Corporation to:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) subject to section 45 of the Act, give a guarantee on behalf of the Corporation to secure
- (d) performance of an obligation of any person; and
- (e) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

The directors, by resolution, may delegate to a director, a committee of directors or an officer all or any of the powers conferred on them by this section.

3.14 Director Compensation

The Corporation may pay to the directors the remuneration fixed by the Board and may reimburse the directors in respect of transportation and other expenses actually incurred in attending meetings of the directors or in otherwise performing the duties of their office.

3.15 Remuneration and Expenses

A director may be employed by or provide services to the Corporation otherwise than as a director. Such a director may receive remuneration for such employment or services in addition to any remuneration paid to the director for his or her services as a director.

3.16 Committees of Directors

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

SECTION 4 Officers

4.01 Appointment of Officers

The directors may designate offices of the Corporation and appoint individuals to those offices as they consider advisable. No officer need be a director. The same individual may hold two or more offices of the Corporation.

4.02 Term of Office

All officers are subject to removal by the directors, with or without cause. An officer may resign at any time by giving notice to the Board.

4.03 Duties of Officers

Subject to any limitations imposed by the Act, any unanimous shareholder agreement or the Articles, an officer has all the powers and authority and must perform all the duties usually incident to, or specified by the By-laws or the Board for, the office held.

SECTION 5
Liability and Indemnification

5.01 Limitation of Liability

All directors and officers of the Corporation in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, and provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach of it, no director or officer shall be liable:

- (a) for the acts, omissions, failures, neglects or defaults of any other director, officer or employee;
- (b) for any loss, damage or expense incurred by the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation;
- (c) for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested;
- (d) for any loss, damage or expense arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the money, securities or effects of the Corporation shall be deposited;
- (e) for any loss, damage or expense arising from any error of judgment or oversight on the part of such director or officer; or
- (f) for any other loss, damage or expense arising from the execution of the duties of office or in relation thereto.

5.02 Indemnity

Subject to the Act and Section 5.04, the Corporation shall indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer (or any individual acting in a similar capacity) of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of his/her association with the Corporation or such other entity.

5.03 Advance of Costs

The Corporation shall advance money to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in Section 5.02. The individual shall repay the money if the individual does not fulfil the conditions of Section 5.04 or the Act.

5.04 Limitation

Unless otherwise permitted by the Act, the Corporation shall not indemnify an individual under Section 5.02 unless the individual:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer (or in a similar capacity) at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the individual's conduct was lawful.

5.05 Additional Circumstances

The Corporation shall also indemnify any individual referred to in Section 5.2 in such other circumstances as the Act or law permits or requires. Nothing in this By-Law shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this By-Law.

5.06 Insurance

Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of any individual referred to in Section 5.02 as the Board may from time to time determine.

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This by-law was made by resolution of the directors on _____.



SCOTT HURD

President, Chief Executive Officer,
and Director