



WaterFurnace Renewable Energy, Inc.

## **Notice of Annual General and Special Meeting of Shareholders**

May 6, 2009

NOTICE IS HEREBY GIVEN that the 2009 Annual General and Special Meeting of the Company (the "Meeting") will be held on Wednesday, May 6, 2009 in Fort Wayne, Indiana, U.S.A. at the Company's headquarters at 9000 Conservation Way at 1:00 PM Eastern Daylight Time for the following purposes:

- (a) To receive the financial statements of the Company for the year ended December 31, 2008, together with the auditors' report thereon.
- (b) To elect directors for the Company for the ensuing year.
- (c) To appoint Grant Thornton LLP, Chartered Accountants, as auditors for the Company for the ensuing year and to authorize the directors to fix the auditors' remuneration.
- (d) To consider and if thought fit, adopt by ordinary resolution certain technical and grammatical changes to the Company's by-law.
- (e) To consider and if thought fit, adopt by ordinary resolution, authorization to the Board of Directors to fund obligations under the current deferred compensation plan by the issuance from treasury of up to 250,000 Common Shares of the Company.
- (f) To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Shareholders who are unable to attend the Meeting in person are invited to complete the enclosed form of proxy and mail it as soon as possible in the envelope provided to the address provided therein. Shareholders are also invited, and have the option, to vote online or by telephone as directed in the form of proxy.

(Continued on the next page.)

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Dated this 12th day of March, 2009.

By Order of the Board

Bruce Ritchey, President and Chief Executive Officer

**Note:** To be used at the Meeting or any adjournment or adjournments thereof, proxies must be deposited not less than 48 hours (excluding Saturdays, Sundays and holidays) preceding the time of the Meeting (that is, by 1:00 p.m. Eastern Daylight Time on Tuesday, May 4, 2009) at either of the following:

- (a) the office of the Company's Registrar and Transfer Agent

Computershare Investor Services Inc.  
100 University Avenue, Suite 900  
Toronto, ON M5J 2Y1  
Canada

- (b) or at the office of the Company

WaterFurnace Renewable Energy, Inc.  
Attention: Corporate Secretary  
9000 Conservation Way  
Fort Wayne, Indiana, 46809-9794  
U.S.A.



WaterFurnace Renewable Energy, Inc.

## **Management Proxy Circular**

For

Annual General and Special Meeting  
of Shareholders

May 6, 2009

All figures in U.S. dollars unless otherwise noted

Date of Management Proxy Circular: March 12, 2009

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# 1. Voting Information

## Solicitation of Proxies

This management proxy circular (“Management Proxy Circular”) is furnished in connection with the solicitation of proxies by **WaterFurnace Renewable Energy, Inc.** (the “Company”) for use at the Company’s 2009 Annual General and Special Meeting (the “Meeting”) of the holders of common shares (“Common Shares”) of the Company (“Shareholders”) to be held on Wednesday, May 6, 2009 in Fort Wayne, Indiana, U.S.A. at the Company’s headquarters at 9000 Conservation Way at 1:00 PM Eastern Daylight Time. The time and purpose of the Meeting are set forth in this Management Proxy Circular and the Notice of Meeting (“Notice”).

In the event you are unable to be present at the meeting, you are requested to complete and return the enclosed form of proxy as soon as possible to ensure that your shares are represented at the meeting. Proxies to be used at the meeting must be either

- (a) signed, dated and delivered to the Company by mail at the address on the envelop provided herewith, or
- (b) returned to the Company’s transfer agent, Computershare Investor Services Inc., so that the proxy is received by the Company not less than 48 hours before the time fixed for the Meeting (that is, by 1:00 p.m. Eastern Daylight Time on Monday, May 4, 2009). You may also vote by telephone or via internet by following the instructions on the enclosed proxy.

It is expected that solicitation of proxies will be made by mail, telephone and internet or other personal contact to be made by directors, officers or employees of the Company, or by other agents (including solicitation agents). The Company will bear the cost of such solicitation.

## Appointment and Revocation of Proxies

Any person may act as proxy, whether or not he is entitled on his own behalf to be present and vote at the Meeting. **The Shareholder has the right to appoint a person or company to represent the Shareholder at the Meeting other than the person or company, designated in the form of proxy.** A Shareholder desiring to appoint a person other than the persons named in the enclosed form of proxy to attend and act for him on his behalf at the Meeting, or any adjournment or adjournments thereof, may do so by following the instructions given on the proxy and delivering the proxy, or by completing another proper form of proxy, and, in either case, depositing the form not less than 48 hours preceding the time of the Meeting at either of the following:

- (a) the office of the Company’s Registrar and Transfer Agent

Computershare Investor Services Inc.  
100 University Avenue, Suite 900  
Toronto, ON M5J 2Y1  
Canada

- (b) or at the office of the Company

WaterFurnace Renewable Energy, Inc.  
Attention: Corporate Secretary  
9000 Conservation Way  
Fort Wayne, Indiana, 46809-9794  
U.S.A.

The Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

Any proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing and if the Shareholder is a corporation, by a duly authorized officer or attorney thereof. Revocation must be delivered either at the Company's Registrar and Transfer Agent or at the office of the Company. Revocation can be made at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof at which the proxy is to be used, or delivered to the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, except as to any matter in which a vote may already have been cast pursuant to the authority conferred by such proxy.

## **Voting**

### **Registered Holders**

If you are a Registered holder of Common Shares, you may vote in person at the meeting or you may appoint another person to represent you as proxyholder and vote your shares at the meeting. If you wish to attend the meeting, please bring a copy of the enclosed proxy; and register with the Scrutineer when you arrive at the meeting.

If you do not wish to attend the meeting you should complete and return the enclosed form of proxy. Any common shareholder who wishes to appoint another person to represent them at the meeting may do so by inserting such person's name in the space provided on the form of proxy. The person you appoint to represent you does not need to be a shareholder.

The form of proxy enclosed herewith, when properly dated, signed and delivered, confers discretionary authority with respect to amendments or variations to the matters which may properly come before the Meeting or any adjournments thereof. As of the date of this Management Proxy Circular, the Company is not aware that any such amendments, variations, or other matters are to be presented for action at the Meeting.

### **Non-Registered Holders**

If your shares are registered in the name of a depository (such as CDS & Co. or CEDE & Co) or are held by an intermediary (such as a bank, trust company, securities dealer or broker), you are a Non-Registered Holder of Common Shares. If you are a Non-Registered ( or "Beneficial") holder, you will have received a Voting Instruction Form instead of a proxy. The purpose of this document is to permit you to direct the voting of the units you beneficially own. Typically, intermediaries will use a service company (such as Broadridge Communications Solutions) to forward the meeting materials to Non-Registered Holders.

In order for your voting instructions to be carried out, please sign and return the Voting Instruction Form in accordance with the directions provided. Alternate voting arrangements, such as internet or telephone voting may be available and, if so, will be noted on the form.

If you wish to attend the meeting and vote in person, you must complete, sign and return the form prior to the cut-off, indicating in the space provided, your name or the name of the individual you wish to represent you. Please follow the instructions on this form closely and return the form to the address listed thereon.

The Common Shares are the only class of shares entitled to be voted at the Meeting. Each Common Share carries the right to one vote. As of March 12, 2009, 12,092,432 Common Shares were issued and outstanding. Any Shareholder of record on the close of business on the record date of Wednesday, April 1, 2009 is entitled to vote the Common Shares registered in such Shareholder's name. The registered Shareholders of the Company on the record date will be entitled to one vote each at the Meeting on a show

of hands and one vote per share on a poll, provided they are the legal owners or have received proper voting instructions from the legal owners.

### **Interest in Matters to be Acted Upon**

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to any class of voting securities of the Company carrying the right to vote in all circumstances except James R. Shields who owns, directly or indirectly, or exerts control or direction over 3,063,478 Common Shares being 25.3% of the outstanding shares of the Company.

## **2. Business of the Meeting**

### **Election of Directors**

The seven nominees on the list, which follows, are proposed by the board of directors of the Company (the "Board") for election as directors of the Company. Three of the nominees are ordinarily resident in Canada, and each director elected will hold office until the next annual general meeting.

In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote for the election as directors of the nominees proposed by the Board whose names are set forth in the table below, each of whom has been a director since the date indicated opposite his name in such table. The Board does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the enclosed form of proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors, unless the Shareholder who has given such proxy has directed that the shares be withheld from voting in the election of directors.

The following table sets forth information with respect to each of the seven persons recommended by the Board to be nominated for election as a director, including the number of Common Shares of the Company owned beneficially, or over which control or direction was exercised by such person, as of March 12, 2009:

## **Board Nominee Information**

<b>Proposed nominee and municipality of residence</b>	<b>Principal occupation</b>	<b>Director since</b>	<b>Shares beneficially<sup>(6)</sup> owned, directly or indirectly, or over which control or direction is exercised</b>
Bruce Ritchey Austin, Texas, U.S.A.	President & CEO WaterFurnace Renewable Energy, Inc.	November 16, 1998	138,100 Common Shares
James R. Shields <sup>(1)</sup> Fort Wayne, Indiana, U.S.A.	Investor & Chairman Emeritus WaterFurnace Renewable Energy, Inc.	May 21, 1997	2,443,752 <sup>(5)</sup> Common Shares
Timothy E. Shields <sup>(1)</sup> Fort Wayne, Indiana, U.S.A.	Investor and Chairman WaterFurnace Renewable Energy, Inc.	May 4, 1999	619,726 <sup>(5)</sup> Common Shares
Thomas C. Dawson, CA <sup>(1,2)</sup> Toronto, Ontario, Canada	Corporate Director	May 4, 1999	26,000 Common Shares
J. David Day, LLB <sup>(1,3,4)</sup> Toronto, Ontario, Canada	Corporate Director	May 21, 1997	96,500 Common Shares
Charles R. Diltz <sup>(2,3,4)</sup> Houston, Texas, U.S.A.	Sr. Vice President Comfort Systems U.S.A. <sup>(7)</sup>	May 7, 2004	26,000 Common Shares
Geoffrey W.J. Pottow, Ph.D. Eng. <sup>(2,3,4)</sup> Toronto, Ontario, Canada	President and CEO of The Becker Milk Co. Ltd. <sup>(8)</sup>	November 7, 1997	132,550 Common Shares

<sup>(1)</sup> Member of the Executive Committee.

<sup>(2)</sup> Member of the Audit Committee.

<sup>(3)</sup> Member of the Compensation Committee.

<sup>(4)</sup> Member of the Governance Committee.

<sup>(5)</sup> James R. Shields, the Company's founder owns 964,342 Common Shares. His wife owns 616,184 Common Shares. His children, except Timothy E. Shields and his family, collectively own 863,226 Common Shares. Timothy E. Shields, son of James R. Shields, owns 281,274 Common Shares. Timothy's wife owns 161,252 Common Shares. His children own 177,200 Common Shares. Thus, the extended Shields family owns 3,063,478 shares, or 25.3% of the outstanding stock of the Company.

James R. Shields	964,342	}	2,443,752
His wife	616,184		
His children except Timothy E. Shields	863,226		
Timothy E. Shields	281,274	}	619,726
His wife	161,252		
His children	177,200		
Total Common Shares owned by extended Shields family	3,063,478		

- <sup>(6)</sup> The information as to Common Shares beneficially held or controlled, not being within the knowledge of the Company, has been given by the nominees.
- <sup>(7)</sup> Comfort Systems U.S.A. is a national HVAC company headquartered in Houston, Texas.
- <sup>(8)</sup> The Becker Milk Company Ltd. is a public real estate management and investment company (TSX BEK.B).

## **Appointment and Remuneration of Auditors**

The persons named in the enclosed proxy propose to vote for the reappointment of Grant Thornton LLP, Chartered Accountants, as auditors of the Company to hold office until the next annual general meeting of Shareholders. The Board of Directors proposes that the directors of the Company be authorized to fix the auditors' remuneration for the ensuing year. Grant Thornton LLP was first appointed as auditors of the Company in 1992. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of Grant Thornton LLP, Chartered Accountants, as auditors of the Company to hold office until the next annual general meeting of Shareholders.

## **Proposal to Update the By-laws of the Company**

The Board of Directors has approved By-law No. 4, being a by-law relating generally to the transaction of the business and affairs of the Company in accordance with the *Canada Business Corporations Act*, which replaces the prior By-law No. 3. The most significant change made to the Company's by-law is to update all references of the name to the Company from its former name (being WFI Industries Ltd.) to its current name, WaterFurnace Renewable Energy, Inc. A few other minor wording changes have been made to make the document more consistent grammatically. None of those changes has altered the meaning or effect of any part of the by-law. The reader is encouraged to review By-law No. 4, which is attached hereto as Exhibit 1, in its entirety to be apprised of the nature and scope of each such revision.

At the Meeting, the shareholders will be asked to consider, and if thought fit, adopt, ratify and confirm by ordinary resolution By-law No. 4. A copy of the proposed resolution is set out in Schedule "A" hereto. The resolution must be passed by a simple majority of the votes cast by the holders of Common Shares present or represented by proxy at the Meeting. Management and the Board of Directors recommend that the shareholders vote in favor of adopting the resolution. Unless a choice is otherwise specified, it is intended that the Common Shares represented by proxies hereby solicited will be voted in favor of adopting this resolution.

See Exhibit 1.

## **Proposal to Fund the Company's Deferred Compensation Plan with Company Stock**

The Company has established, effective March 1, 2003, an executive nonqualified "excess" deferred compensation plan for certain management employees. Employees can elect to defer a portion of their earnings, and these amounts vest immediately. At the Company's discretion, additional amounts may be awarded to the employees' accounts. These additional amounts are subject to a vesting of three to five years.

The deferred compensation plan is not required to be funded, but the Company has established a Trust to which the Company may contribute funds to satisfy the liability which can only be used to satisfy the deferred compensation liability. The plan assets consist of flexible premium variable life insurance policies whose value is tied to the market performance of the investment options to which net premiums are allocated. These policies are recorded at their cash surrender value and have been netted with the offsetting liability on the basis that the investments are payable to the trust and only available for funding of the plan liability.

The plan, approved by the Board of Directors, allows participants to choose from a number of selected equity and hedge funds as “notional investments.” The earnings deferred by the participants plus amounts to be contributed by the Company are then tracked by the plan’s financial institution sponsor as if those amounts were actually invested in the “notional” fund options. The liability is adjusted based on changes to the value of the offsetting “notional investments” with the changes in the market value of the calculated liability charged or credited to deferred compensation plan expense. Accordingly, the Company is exposed to the variability of the value of the “notional investments” as these are used to measure the amount of the plan liability.

The plan is a contractual obligation by the Company to pay the plan participants in the future and is comprised primarily of amounts to be paid post employment, but also includes amounts designated by the participants as in-service and education amounts that can be distributed during the participant’s term of employment according to payment terms designated by the participant. Amounts payable within one year are included in payables and accruals. All other amounts are classified as long-term.

Consequently at the Meeting, the shareholders will be asked to consider, and if thought fit, adopt a resolution authorizing the Board of Directors to fund portions of the Company’s Deferred Compensation Plan by the issuance from treasury of Common Shares of the Company up to a maximum of 250,000 Common Shares. A copy of the proposed resolution is set out in Schedule “B” hereto. The resolution must be passed by a majority of the votes cast by the holders of Common Shares present or represented by proxy at the Meeting. For the purposes of determining the vote in respect of the resolution, all insiders of the Company entitled to benefit under the Plan are not eligible to vote their securities in respect of the matter. The Board of Directors recommends that the shareholders vote in favor of adopting the resolution. Unless otherwise specified, the Common Shares represented by proxies hereby solicited will be voted in favor of adopting the resolution.

### **Other Matters to be Acted On**

The Board knows of no other matters to come before the Meeting other than as set forth in the Notice, but if such should occur, the persons named in the accompanying form of proxy intend to vote on them in accordance with their best judgment, exercising discretionary authority with respect to amendments or variations of matters identified in the Notice and other matters which may properly come before the Meeting or any adjournment thereof.

### **3. Executive and Board Compensation**

#### **General**

For the financial year ended December 31, 2008, the aggregate compensation paid or payable, awarded, granted, given, or otherwise provided, directly or indirectly by the Company and its subsidiaries whose financial statements are consolidated with those of the Company to its directors and executive officers was \$1,787,956.

The pension plan of the Company is a 401(k) Retirement Plan offered to the employees of the Company's wholly owned U.S. subsidiaries. The cost to the Company and its subsidiaries in the financial year ended December 31, 2008 of all pension benefits to be paid to directors and executive officers under the 401(k) Retirement Plan was \$40,370.

Starting in 2003, the Company implemented a Deferred Compensation Program (the "Program") for executives. The Program provides tax-deferred compensation to the executive based on reaching the profit targets of the Company. Company contributions to the plan vest over either three or five-year periods. The Board of Directors determines the amount of deferred compensation and the terms upon the recommendation of the Compensation Committee. The total cost of the Program in the financial year ended December 31, 2008 was \$145,630.

#### **Summary Compensation Table**

The following table sets forth the particulars of compensation paid to the following persons for the Company's three most recently completed financial years:

- (a) the Company's chief executive officer ("CEO");
- (b) the Company's chief financial officer ("CFO");
- (c) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation exceeds \$150,000 CDN (or \$140,622 U.S.); and
- (d) any additional individuals for whom disclosure would have been provided under (c) but for the fact that the individual was not serving as an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

**Summary Compensation Table**  
(In U.S.\$)

<b>Name and principal position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other annual compensation</b>	<b>Securities under options granted (# shares)</b>	<b>Restricted shares of restricted share units</b>	<b>LTIP <sup>(1)</sup> payouts</b>	<b>All <sup>(2)</sup> other compensation</b>
Bruce Ritchey, President & Chief Executive Officer	2008	\$329,808	\$157,078	\$18,957	\$ -0-	\$ -0-	\$122,898	\$10,437
	2007	249,423	347,003	18,169	-0-	-0-	120,882	6,135
	2006	219,808	312,000	17,683	-0-	-0-	110,644	7,500
Phil Albertson Vice-President	2008	157,789	29,102	-0-	-0-	-0-	18,032	7,476
	2007	144,635	53,515	-0-	-0-	-0-	14,733	697
	2006	125,885	52,000	-0-	-0-	-0-	9,770	-0-
Fred Andriano Secretary, Treasurer & Chief Financial Officer	2008	137,405	29,102	-0-	-0-	-0-	7,085	6,660
	2007	124,904	53,515	-0-	-0-	-0-	4,833	7,091
	2006	120,000	17,333	-0-	-0-	-0-	1,733	5,493
Tony Cooper Vice-President	2008	178,169	29,102	-0-	-0-	-0-	19,662	8,251
	2007	164,712	53,515	-0-	-0-	-0-	19,431	8,494
	2006	150,000	52,000	-0-	-0-	-0-	13,240	7,500
John Groulik Executive Vice-President	2008	159,530	29,102	-0-	-0-	-0-	19,662	7,546
	2007	136,778	53,515	-0-	-0-	-0-	23,788	7,612
	2006	127,816	52,000	-0-	-0-	-0-	18,040	7,500

<sup>(1)</sup> Represents the portion of cumulative Company contributions to a Deferred Compensation Program that vested during the year. (See Long-Term Incentives in "Report on Executive Compensation.") Future payouts of previously awarded Company contributions are not contingent on future performance.

<sup>(2)</sup> The Company match for the 401-k plan.

## Options Exercised during 2008 and Year-End Value of Outstanding Options

The following table sets forth the number of Common Shares acquired by the named individuals due to the exercise of stock options during the year and the aggregate value realized. The aggregate dollar value is equal to the number of Common Shares acquired times the difference between the market value of the Common Shares and the exercise price of the options. The table also sets forth the number of unexercised options as of fiscal year-end for each of the named individuals and the value of unexercised in-the-money options, separately identifying exercisable and unexercisable options. The dollar value is equal to the number of unexercised options times the difference between the market value at fiscal year-end and the exercise price of the options.

### Aggregated Option Exercises during 2008 and Year-End Option Financial Values (In U.S.\$)

Name and principal position	Securities acquired on exercise	Aggregate value realized	Unexercised options at year end	Value of unexercised in-the-money options at year end
Charles R. Diltz Director	5,000	\$97,488	-0-	\$ -0-
Total	5,000	\$97,488	-0-	\$ -0-

## Employment Agreements

The Company is a party to a written employment agreement with Bruce Ritchey, the current President and Chief Executive Officer. This agreement, as amended, provides for a base salary of \$357,500 for 2009, plus certain fringe benefits, and a bonus plan for meeting certain designated performance targets measured by the Company's earnings. Under the terms of the agreement, Mr. Ritchey is entitled to 12 months' severance and benefits in the event of involuntary termination of employment under any circumstances by the Company. This employment agreement has no set term. Mr. Ritchey has announced his retirement effective May 29, 2009.

## Composition of the Compensation Committee

The Compensation Committee is composed of three directors: J. David Day, Charles R. Diltz (Committee Chairman) and Geoffrey W.J. Pottow.

## **Report on Executive Compensation**

The Compensation Committee bases its compensation policies for executive officers on the principle of performance-based compensation. The Committee meets with the President to obtain his input on base salaries, and incentive targets for executive officers. The Committee also references studies performed by human resource consultants to review the Company's compensation levels and structure to assure compensation is reasonable and that the compensation structure follows "best practice."

The Compensation Committee presents its recommendations to the Board for its approval. The Board has not made any decisions with respect to compensation of executive officers that were inconsistent with the recommendations of the Compensation Committee.

### **Base Salary**

The base salaries of the executive officers are designed to be competitive. The base salaries of executive officers are targeted to compete with salaries in companies with comparable business activities.

### **Short-Term Incentives**

The Company has in place a bonus plan that directly links an executive's bonus with corporate performance. Bonuses are paid only for meeting certain designated operating income targets. In all cases, one hundred percent of any such bonus is payable in the first quarter of the subsequent fiscal year of the Company.

### **Long-Term Incentives**

Starting in 2003, the Company implemented the Program for executives, which replaces the use of stock options. The Program provides tax-deferred compensation to the executive based on reaching the profit targets of the Company. Once granted, Company contributions to the plan vest over either three or five-year periods. The Board of Directors determines the amount of deferred compensation and the terms upon the recommendation of the Compensation Committee.

### **Compensation of Chief Executive Officer**

Bruce Ritchey was appointed President and Chief Executive Officer of the Company on November 16, 1998. Under the terms of his employment agreement, as amended, his base salary is \$357,500 for 2009. Compensation level and structure is determined using salary reviews of like corporations conducted for the Board by independent consulting firms.

## **Compensation of Directors**

The following table reflects compensation earned by directors in 2008<sup>(1)</sup>:

### **Board Retainer<sup>(1)</sup> (In U.S.\$)**

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#### **Non-Independent Directors:**

Bruce Ritchey President & CEO	\$	-0-
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James R. Shields Chairman Emeritus		52,473
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Timothy R. Shields Chairman		90,000
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#### **Independent Directors:**

Thomas C. Dawson		55,500
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J. David Day		55,500
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Charles R. Diltz		46,000
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Geoffrey W.J. Pottow		46,000
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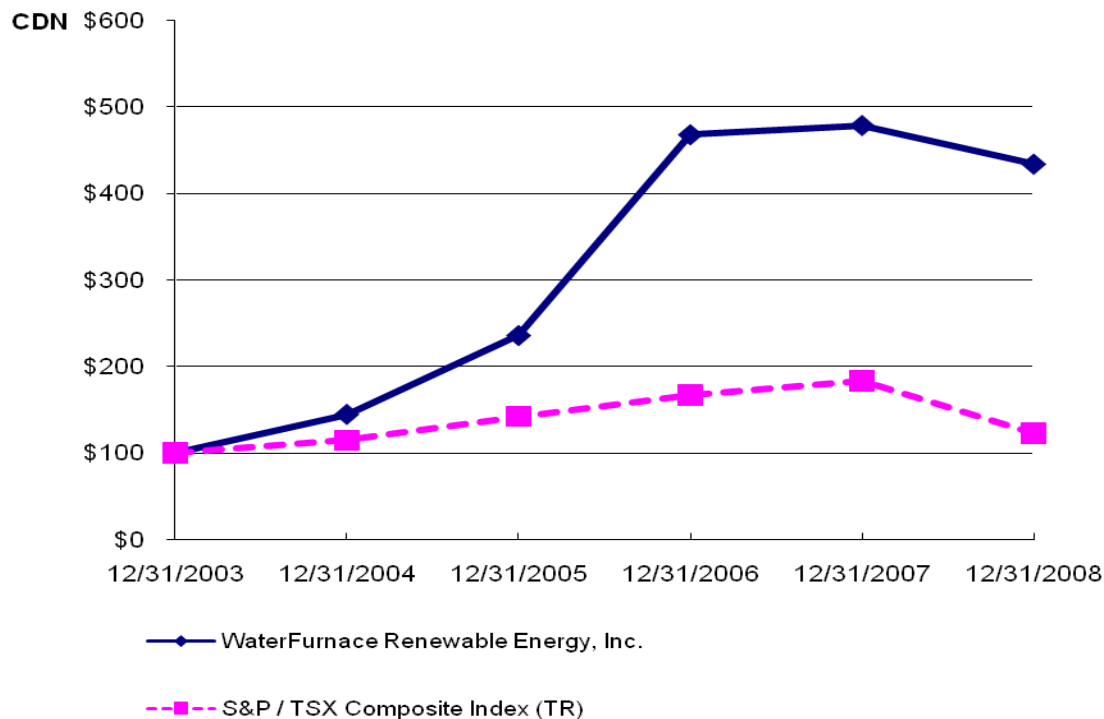
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<sup>(1)</sup> Directors are reimbursed for transportation and other expenses incurred for attendance at Board and Committee meetings, which are not included in the amounts listed above.

## Performance Graph

The graph below compares the cumulative total shareholder return of \$100 CDN invested in WaterFurnace Renewable Energy, Inc. Common Shares on December 31, 2003 with the return of the S&P / TSX Composite Index, assuming reinvestment of all dividends, for the same amount invested over the same period.

### **Cumulative total return Assuming an investment of \$100 CDN and reinvestment of dividends**



(In CDN \$)

	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>
<b>Cumulative total return</b>						
WaterFurnace Renewable Energy, Inc.	\$ 100.00	\$ 144.76	\$ 235.84	\$ 468.00	\$ 478.66	\$ 434.01
S&P / TSX Composite Index (TR) <sup>(1)</sup>	100.00	114.48	142.10	166.63	183.01	122.61
<b>Closing price</b>						
WaterFurnace Renewable Energy, Inc.	6.05	8.50	13.40	26.00	26.00	23.00
S&P / TSX Composite Index (TR)	18,732.48	21,444.89	26,618.80	31,213.49	34,282.35	22,967.98

<sup>(1)</sup> S&P / TSX Composite is Total Return Index Value.

## Corporate Cease Trade Orders or Bankruptcies

None of the proposed directors of the Company:

- (a) is, as at the date of the Management Proxy Circular, or has been, within 10 years before the date of the Management Proxy Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
  - i. was subject to a cease trade order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - ii. was subject to a cease trade order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, state the fact and describe the basis on which the cease trade order was made and whether the cease trade order is still in effect; or
  - iii. is, as at the date of the Management Proxy Circular, or has been within 10 years before the date of the Management Proxy Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective prospective directors.

## Securities Authorized For Issuance under Equity Compensation Plans

At the Shareholder meeting held May 7, 2003, the Shareholders approved the establishment of a stock option plan for the Company (the "Stock Option Plan"). The Stock Option Plan authorized the grant of options for up to 250,000 Common Shares of the Company to the directors and employees of the Company. As of the date of this Management Proxy Circular and pursuant to the Stock Option Plan, the Company has the authority to issue options for 225,000 Common Shares.

The Stock Option Plan requires that any options granted have a strike price equal to or greater than the price of the stock at the close on the day of the grant. Any options granted must have an expiry date no longer than five years from date of the grant. Any options that may be granted to existing option holders would only be granted as current options expire. All options expire on the earlier of (i) the expiry date or (ii) 30 days after termination of service of the employee or director holding the option. The options are non-assignable.

The Stock Option Plan does not contain a procedure for amending the Stock Option Plan. Therefore, the approval of Shareholders is required for any amendments to the Stock Option Plan. No amendments to the Stock Option Plan are currently being contemplated by the Company.

Since the last Shareholder meeting no options have been granted by the Company. No options were granted to either the directors or the executive officers of the Company during the fiscal year ended December 31, 2008.

The securities authorized for issuance under the Stock Option Plan are as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
(a)	(b)	(c)	
Equity compensation plans approved by shareholders	-0-	-0-	225,000
Equity compensation plans not approved by shareholders	-0-	-0-	-0-
<b>Total</b>	<b>-0-</b>	<b>-0-</b>	<b>225,000</b>

**Options Outstanding - None**

## 4. Corporate Governance

### Summary of Board Committees

The Board has four standing committees as follows:

	Executive Committee	Audit Committee	Compensation Committee	Governance Committee
<hr/> <b>Non-Independent Directors</b>				
Bruce Ritchey				
James R. Shields	Member			
Timothy E. Shields	Member			
<b>Independent Directors</b>				
Thomas C. Dawson	Member	Chairman		
J. David Day	Chairman		Member	Member
Charles R. Diltz		Member	Chairman	Member
Geoffrey W.J. Pottow		Member	Member	Chairman

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**The Executive Committee:** Meets monthly to oversee status and direction of the Company. This committee has the authority to manage the Company on the Board's behalf between meetings of the full Board and nominates new directors to fill empty director positions for full Board approval.

James R. Shields  
Timothy E. Shields  
Thomas C. Dawson  
J. David Day, Chairman

**The Audit Committee:** Meets quarterly to assure adequacy of controls and disclosure. The committee reviews the Company's annual and quarterly financial statements before the Board approves them. It works with management to develop the annual audit plan and reviews the auditors' recommendations on internal controls. The committee meets with the auditors independently of management.

Thomas C. Dawson, Chairman  
Charles R. Diltz  
Geoffrey W.J. Pottow

**The Compensation Committee:** Meets as needed to review and recommend management and Board compensation. As part of that review the committee reviews succession planning and development plans for the CEO, his direct reports and their direct reports.

J. David Day  
Charles R. Diltz, Chairman  
Geoffrey W.J. Pottow

**The Governance Committee:** Meets quarterly to review new governance requirements, to review Company and Board compliance with current best practice and to oversee the annual Board assessment process.

J. David Day  
Charles R. Diltz  
Geoffrey W.J. Pottow, Chairman

## Independent and Non-Independent Directors

The majority of the directors of the Company are independent. The independent directors are J. David Day, Thomas C. Dawson, Charles R. Diltz and Geoffrey W.J. Pottow. A number of the Company's directors serve on the boards of other companies, as follows:

Director	Company	Incorporated in
Thomas C. Dawson	Anvil Mining Limited	Canada
	Seabridge Gold Limited	Canada
	Energy Split Corp.	Canada
	Energy Split Corp. II	Canada
	R Split II Corp.	Canada
J. David Day	Morneau Sobeco Income Trust	Canada
Geoffrey W.J. Pottow	The Becker Milk Co. Ltd.	Canada

The Board considers three board members as not independent. They are Bruce Ritchey, James R. Shields, and Timothy E. Shields. Mr. Ritchey is the President and Chief Executive Officer of the Company and as such is an employee of the Company.

James R. Shields and Timothy E. Shields are father and son and therefore "related Shareholders and Board members." Additionally, James R. Shields and Timothy E. Shields are considered to be "significant shareholders." The extended Shields family owns a total of 3,063,478 Common Shares or 25.3% of outstanding Common Shares.

The Board of Directors holds regularly scheduled meetings during each quarter of the year. During each scheduled meeting, the independent directors meet privately to address any matters requiring open and candid discussion among the independent directors.

Since the Chairman of the Board, Timothy E. Shields, is not independent, J. David Day acts as the leading independent director, serving as the chairman of the Executive Committee and as a member of the Compensation Committee and the Governance Committee.

## Board Attendance

In 2008 the Board held five Board meetings; the attendance record of each Board member from January 1, 2008 to December 31, 2008 is as follows:

Director	Percentage of meetings attended
Bruce Ritchey	100 %
James R. Shields	100 %
Timothy E. Shields	100 %
Thomas C. Dawson	100 %
J. David Day	100 %
Charles R. Diltz	100 %
Geoffrey W.J. Pottow	100 %

## Board Mandate

The Board does not have a written mandate. The unwritten mandate of the Board is to guide the growth and development of the Company and to supervise the management of the Company in the execution of their duties, acting always in the best interests of the Company. The Board acts in accordance with the *Canada Business Corporations Act*, the Company's articles of incorporation and by-laws, the requirements and guidance of the Toronto Stock Exchange and applicable securities laws and regulations.

The Board approves all significant decisions that affect the Company and its subsidiaries before they are implemented. The Board supervises the implementation of their decisions and reviews their results. The Executive Committee of the Board conducts a monthly review of the operations of the Company and each subsidiary with the executives and key employees of the Company. The whole Board receives monthly management reports from each functional manager and meets with management at least four times each year to review performance in depth.

## Position Descriptions for the CEO and Directors

The Board does not have written position descriptions for the Chairman of the Board or for the chair of each Board committee. The Chairman of the Board is responsible for the overall conduct of Board meeting and for ensuring open and timely dissemination of information on the Company's activities to shareholders and the investment community. The Chairman of the Board fulfills his responsibilities with the help of each chairman of committees of the Board. Each Board committee chairman is responsible for managing the tasks assigned to their committee by the Board and for advising the Board on decisions and recommendations by their committees.

The Board and the CEO have adopted a position description for the CEO. The position description for the CEO of the Company follows:

The CEO will work with the board of directors to establish acceptable strategic objectives and keep the board informed of significant progress and problems. The CEO will conform to board stipulated approval requirements in all areas including among others, approved spending limits, hiring guidelines, compensation plans and expenses. The CEO will assure that all activities are in conformance with applicable laws and the rules and guidelines of The Canada Corporations Act. The CEO is responsible for conducting the business of the Company in the best interest of the shareholders.

The Board has adopted a position description for the Board members as follows:

Board members must have a track record in business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. Board members will actively prepare for and participate in all board meetings. The member will provide guidance to management and represent and protect the interests of shareholders.

### **Orientation and Continuing Education of Directors**

The Company works with new members of the Board to provide the level of information they need and request to be effective members of the Board. New Board members visit the Company and tour the facilities, meet management, and review the Company's products, markets and strategic plans. A copy of the business plan for the year and the strategic evaluation and plan for the Company is provided and discussed with each new member.

Each Board member receives a monthly management report covering not only financial performance, but also key activities from each functional area. Directors are able to request information on any topic throughout the year in addition to requesting special management presentations at each quarterly Board meeting. Directors visit the Company at least twice each year, tour the facility and interact with the key managers of the Company.

The Board does not provide continuing education for its directors. The Board relies on each director to independently maintain the skill and knowledge necessary for them to meet their obligations as directors. The Board believes that each director's business background, outside professional affiliations, other outside director positions and independent development programs provide the necessary continuing education required.

### **Ethical Business Conduct of Directors**

Currently, the Board has not adopted a written code of ethical business conduct. At this time, in order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest, the Board requires that a director with a conflict of interest pertaining to a matter under consideration by the Board or a committee of the Board abstain from any vote on the matter under consideration.

The Board has established a 'whistle blower' program that allows for the anonymous reporting of illegal, unethical or questionable activity to an independent outside party. All reports are forwarded to an independent director and the CEO for investigation.

### **Nomination of Directors**

New candidates for Board nomination are identified through referrals, business relationships with directors and Company executives, and direct contact with leaders within the industry. New nominees must have a track record in business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. The executive committee of the Board is responsible for selecting nominees to fill empty Board positions. The Board is then required to approve or decline any nomination presented by the executive committee. In addition, the governance committee has responsibility for the ongoing assessment of directors.

## **Compensation of Directors**

The Compensation Committee reviews directors' compensation once a year. To make its recommendation, the committee reviews the types of compensation and the amounts paid to directors of comparable publicly traded companies in Canada and in Indiana. The Compensation Committee consists of Messrs. Day, Diltz and Pottow who are each independent directors.

The Committee uses studies by human resource consultants to review the Company's compensation levels and structure to assure compensation is reasonable and that the compensation structure follows "best practice."

The committee presents its recommendations to the Board of Directors for its approval. The Board of Directors has not made any decisions with respect to compensation of directors that were inconsistent with the recommendations of the Compensation Committee.

The Compensation Committee shall provide assistance to the Board in fulfilling its responsibilities relating to the compensation practices of the Company. In particular the Committee shall discharge the Board's responsibilities relating to the compensation of directors, officers and senior managers.

## **Assessment of Effectiveness of Directors and the Board**

The Governance Committee has responsibility for assessing the effectiveness of the members of the Board. The Governance Committee takes responsibility for assessing the effectiveness of directors and to screen nominees for election to the Board. The Board uses the nominating process each year as the means of evaluating existing Board members and recommending changes as required.

The Executive Committee has the responsibility of evaluating the effectiveness of the whole Board. The Executive Committee assesses the operation of the Board and the committees, the adequacy of information given to directors and the communication between the Board and management. The Executive Committee makes recommendations to management and to the committees of the Board regarding direction and changes required to meet the requirements of the Company.

## **Assessment of Effectiveness of Management's Internal Controls & Information Systems**

The Board, through its Audit Committee, is informed of significant issues that relate to the effectiveness of the Company's internal control processes and management information systems. The independent auditor submits a report to the Audit Committee each year on the quality of the Company's internal control processes and management information systems. When warranted, the Audit Committee directs the CEO and the Chief Financial Officer to take the steps necessary to implement or strengthen the internal control processes in question.

## 5. Other Information

### Interest of Certain Persons in Matters to Be Acted On

There are no directors or officers with any material interest in any matter to be acted upon other than the election of Directors.

### Interest of Informed Persons in Material Transactions

To the knowledge of the directors and officers of the Company, no director or executive officers of the Company or any subsidiary of the Company, no person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, no proposed director of the Company and no associate or affiliate of any of the foregoing has or had any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### Additional Information

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of all of the Company's filings and public disclosure documents, including its financial statements and Management Discussion and Analysis (MD&A) are available from the Company upon request. Financial information is provided in the Company's comparative financial statements and MD&A for the most recently completed financial year. Security holders may call the office of the Corporate Secretary at (260) 479-3295 to request copies of the Company's financial statements.

### Directors' Approval

The directors of the Company have approved the contents and the sending of this Management Proxy Circular.

Dated as of March 12, 2009.



Fred Andriano  
Corporate Secretary

## **Schedule A – Resolution to Approve Updated By-laws**

RESOLUTION OF THE SHAREHOLDERS

OF

WaterFurnace Renewable Energy, Inc. (the “Company”)

RESOLVED that:

By-law No. 4, as set forth in Exhibit 1 to this Resolution, is hereby approved, ratified and confirmed.

Any one director or officer of the Company is hereby authorized, for and on behalf of and in the name of the Company, to do all things and execute (whether under the corporate seal of the Company or otherwise) and deliver all such documents and instruments as may be necessary or desirable to carry out the intent of this Resolution.

## **Schedule B – Resolution to Approve Funding of Deferred Compensation Plan with Company Stock**

RESOLUTION OF THE SHAREHOLDERS

OF

WaterFurnace Renewable Energy, Inc. (the “Company”)

FUNDING OF THE COMPANY’S DEFERRED COMPENSATION PLAN LIABILITY WITH  
COMPANY STOCK

WHEREAS:

If the Board of Directors deems it to be desirable to fund the Company’s Deferred Compensation Plan liability with Company stock,

RESOLVED THAT:

Without limiting the foregoing, the Board of Directors be and is hereby authorized to approve, from time to time, the issue from treasury of Common Shares of the Company to the Company’s Deferred Compensation Plan up to an aggregate amount of 250,000 Common Shares; and any two directors or officers of the Company are authorized and directed to do, execute and perform all acts, documents and instruments necessary or desirable to give full force and effect to this resolution, including without limitation the execution and delivery of Articles of Amendment to the Director appointed under the *Canada Business Corporations Act*.

# Exhibit 1 – By-law No. 4

A By-law relating generally to the transaction of business and affairs of WaterFurnace Renewable Energy, Inc.

Be it made as a by-law of the Company as follows:

## Part 1 Interpretation

### 1.1 Definitions

In this By-law, unless the context otherwise requires:

- (a) “Act” means the *Canada Business Corporations Act* and any statute that may be substituted therefore, as from time to time amended;
- (b) “Articles” means the Articles of Continuance of the Company as from time to time amended or restated;
- (c) “Board” means the board of directors of the Company;
- (d) “By-laws” means this by-law and all other by-laws of the Company from time to time in force and effect;
- (e) “Company” means WaterFurnace Renewable Energy, Inc., and any successor thereto which by agreement or operation of law adopts this By-law;
- (f) “Meeting of Shareholders” means an annual meeting of shareholders and a special meeting of shareholders;
- (g) “NI 52-110” means National Instrument 52-110 Audit Committees, and any rule, regulation, instrument or statute that may be substituted therefore, as from time to time amended;
- (h) “Recorded Address” means in the case of a shareholder the address as recorded in the securities register; in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the Board, the latest address for such person as recorded in the records of the Company or, in the case of a director, in the last notice of directors filed under the Act;
- (i) “Signing Officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Company by section 2.1 or by a resolution passed pursuant thereto;
- (j) “Special Meeting of Shareholders” means a meeting of shareholders called for the purpose of transacting special business and includes a meeting of the holders of any class or series of any class of shares of the Company; and all terms and expressions defined in the Act and used herein shall have the same meaning herein as in the Act.

### 1.2 Construction

Words importing the singular include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated associations.

## **Part 2 Business of the Company**

### **2.1 Execution of Instruments**

Contracts, documents or instruments in writing requiring the signature of the Company may be signed by any two of the directors and officers, and all contracts, documents or instruments in writing so signed shall be binding upon the Company without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Company either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The corporate seal of the Company may, when required, be affixed to contracts, documents or instruments in writing signed as aforesaid or by an officer or officers, person or persons appointed as aforesaid by resolution of the board of directors.

The term “contracts, documents or instruments in writing” as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, powers of attorney, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings.

The signature or signatures of any officer or director of the Company and/or of any other officer or officers, person or persons appointed as aforesaid by resolution of the directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing or bonds, debentures or other securities of the Company executed or issued by or on behalf of the Company and all contracts, documents or instruments in writing or securities of the Company on which the signature or signatures of any other foregoing officers, directors or persons shall be so reproduced, by authorization by resolution of the directors, shall be deemed to have been manually signed by such officers, directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of delivery or issue of such contracts, documents or instruments in writing or securities of the Company.

### **2.2 Corporate Seal**

The Company may, but need not, have a corporate seal, and, if one is adopted, it shall be in a form approved from time to time by the Board.

### **2.3 Banking**

The banking business of the Company shall be transacted with such banks, trust companies and other financial institutions as may be designated by or under the authority of the Board and shall be transacted under such agreements, instructions and delegations of powers as the Board may prescribe or authorize.

### **2.4 Voting Rights in Other Bodies Corporate**

Except when otherwise directed by the Board, Signing Officers may execute and deliver proxies which unless required by applicable law need not be under corporate seal of the Company, and arrange for the issuance of any certificate or other evidence of the right to exercise the voting rights attaching to any securities held by the Company. Such certificate or other evidence shall be in favor of such person or persons as the Signing Officers executing or arranging for the issuance thereof may determine. In addition, the Board, or failing the Board, the Signing Officers of the Company, may direct the manner in which and the person or persons by whom any voting rights or class of voting rights shall be exercised.

## **2.5 Financial Year**

The financial year of the Company shall end on such date in each year as the Board may from time to time by resolution determine.

## **Part 3 Borrowing**

### **3.1 Borrowing Power**

Without limiting the borrowing powers of the Company as set forth in the Act, the Board may from time to time:

- (a) borrow money upon the credit of the Company;
- (b) issue, reissue, sell, pledge or hypothecate debt obligations of the Company;
- (c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company, then owned or subsequently acquired, to secure any debt obligation of the Company;  
and
- (d) to the extent permitted by the Act, give a guarantee on behalf of the Company to secure performance of an obligation of any person or give, directly or indirectly, financial assistance to any person on behalf of the Company by means of a loan, guarantee or otherwise.

### **3.2 Delegation**

The Board may from time to time delegate to one or more directors or officers of the Company, at least one of whom shall be the Chairman of the Board, the Vice-Chairman, the President, Vice-President or the Secretary, any or all of the powers set out in Section 3.1 to such extent and in such manner as the Board may determine.

## **Part 4 Directors**

### **4.1 Number and Powers**

Subject to the Articles, the number of directors of the Company shall be fixed by the shareholders from time to time by ordinary resolution. Pursuant to section 102(2) of the Act, during any period where the Company is a distributing Company, it shall have a minimum of three directors. Further, at least twenty-five (25%) of the directors of the Company must be resident Canadian. The directors shall manage the business and affairs of the Company and may exercise all such powers and do all such acts and things as may be exercised or done by the Company that are not prohibited by the Act, the articles, the by-laws, any special resolution of the Company, or by statute expressly directed or required to be done in some other manner.

### **4.2 Vacancies**

If a vacancy should occur in the Board, the remaining directors, if constituting a quorum, may appoint a qualified person to fill the vacancy for the remainder of the term. In the absence of a quorum the remaining directors shall forthwith call a meeting of shareholders to fill the vacancy pursuant to subsection 111(2) of the Act. Where a vacancy or vacancies exist in the board, the remaining directors may exercise all of the powers of the board so long as quorum remains in office.

### **4.3 Quorum**

Subject to the Articles, a majority of the number of directors or minimum number of directors required by the Articles constitutes a quorum at any meeting of directors, and, notwithstanding any vacancy among the directors, a quorum of directors may exercise all powers of the directors.

### **4.4 Election and Term**

The directors shall be elected at each annual general meeting of shareholders. Whenever the number of nominees exceeds the number of directors to be elected, a ballot may be taken in two or more parts so as to have a ballot for other than resident Canadians in order that at least twenty-five percent (25%) of the Board shall be resident Canadians. Retiring directors shall, if otherwise qualified, be eligible for re-election.

### **4.5 Meetings of the Board**

Meetings of the Board shall be held from time to time and at such place as the Board may from time to time determine. The Secretary shall call a meeting of the Board when directed to do so by the Chairman, the Vice-Chairman, the President, the Lead Director, President or any two directors.

### **4.6 Canadian Directors Present at Meeting**

The Board shall not transact business at a meeting, other than filling a vacancy in the Board, unless at least twenty-five percent (25%) of the directors present are resident Canadians, except where:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communication facilities the business transacted at the meeting; and
- (b) at least twenty-five percent (25%) of the directors present would have been resident Canadians had that director been present at the meeting.

### **4.7 Notice**

No notice need be given of the first meeting of the Board following a Meeting of Shareholders at which directors are elected if such meeting of the Board is held immediately after the shareholders meeting. Notice of all other meetings of the Board shall be given to each director not less than forty-eight (48) hours before the time when the meeting is to be held and may be given by mail, telegram, facsimile, email or other written means. No action taken at any meeting of the Board shall be invalidated by the accidental failure to give notice or sufficient notice thereof to any director.

### **4.8 Chairman of Board Meetings**

The chairman of any meeting of the Board shall be the first mentioned of the following officers who is also a director and is present at the meeting: the Chairman, the Vice-Chairman, the President, the Lead Director. If no such officer is present, the directors shall choose one of their number to chair the meeting.

### **4.9 Voting**

At all Board meetings every question shall be decided by a majority of the votes cast thereon. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.

### **4.10 Remuneration and Expenses**

Directors who do not receive salary as officers or employees of the Company may each be paid such amount per annum as the Board may from time to time determine. In addition they, and the directors who are also officers or employees of the Company, shall each receive such amount as the Board may from time to time determine for each meeting of the Board or any committee thereof which they attend and shall be entitled to be paid for travelling and other expenses properly incurred in connection with the affairs of the

Company. The Board may also award special remuneration to any director undertaking any special service on the Company's behalf.

#### **4.11 Conflict of Interest**

A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company shall disclose the nature and extent of his interest at the time and in the manner provided by the Act. A director interested in a contract referred to the Board shall not vote on any resolution to approve the same except as provided by the Act.

#### **4.12 Participation by Electronic Means**

A director may, if all the directors of the Company consent, participate in a meeting of directors or of any committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a director participating in a meeting by those means is deemed for the purposes of the Act and the By-laws to be present at that meeting. Any such consent of a director may be validly given before or after the meeting to which it relates and may be given with respect to all meetings of directors or of any committees of directors held while a director holds office.

## **Part 5 Committees of Directors**

### **5.1 Committees of Directors**

The Board may appoint a committee or committees of directors and delegate to such committee or committees any of the powers of the Board except those which under the Act must be exercised by the Board itself, including:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities except as authorized by the directors;
- (d) issue shares of a series except as authorized by the directors;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Company;
- (g) approve a management proxy circular;
- (h) approve a take-over bid circular or directors' circular;
- (i) approve annual financial statements;
- (j) adopt, amend or repeal by-laws.

### **5.2 Executive Committee**

The Board may designate one of the committees appointed by it as the Executive Committee. It shall comprise at least three (3) members who shall remain in office at pleasure of the Board and while still directors. It shall, subject to Section 5.1, be vested with all the ordinary powers and authority of the Board

between meetings thereof. All acts and proceedings of the Executive Committee shall be reported to the Board at the next meeting thereof, but any right granted or obligation incurred pursuant to the authority of the Executive Committee shall be treated as valid and binding upon the Company. The quorum for the Executive Committee shall be a majority of its members.

### **5.3 Audit Committee**

The Board shall elect from among its number an Audit Committee to be comprised of at least three (3) directors all of whom are independent and financially literate within the meaning of MI 51-110, subject to the exceptions set out therein, and shall exercise such functions as are delegated to it by the Board and required by MI 51-110. Members of the Audit Committee shall remain in office at the pleasure of the Board and while still directors. A majority of the members of any such committee shall be resident Canadians.

The Audit Committee shall have power to fix its quorum at not less than a majority of its members and to determine its own rules of procedure subject to any regulations imposed by the board from time to time and to the following paragraph.

The auditor of the Company is entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Company, to attend and be heard thereat; and, if so requested by a member of the Audit Committee, shall attend every meeting of the Committee held during the term of office of the auditor. The auditor of the Company or any member of the Audit Committee may call a meeting of the Committee.

The composition, procedure and responsibilities of the Audit Committee shall comply with MI 51-110, or such other corporate or securities laws, regulations, or policies governing such matters as may come into force from time to time subsequent to the date hereof.

### **5.4 Procedure**

Subject to the Act, each committee shall meet at the call of the Chairman thereof or, in his absence, at the call of a member for any time and place. Subject to Sections 5.2 and 5.3 the quorum of each committee shall be designated by the Board. The powers of a committee may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members entitled to vote thereon.

At all Committee meetings every question shall be decided by a majority of the votes cast thereon. In case of an equality of votes, the Chairman of the committee shall be entitled to a second or casting vote.

## **Part 6 Meetings of Shareholders**

### **6.1 Annual and Special Meetings**

The annual meeting of shareholders shall be held at such time in each year as the Board or failing it, the Chairman or failing him, the Vice-Chairman or failing him, the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting. The Board, the Chairman, the Vice-Chairman, the Lead Director or the President may call a Special Meeting of Shareholders at any time.

### **6.2 Place of Meetings**

Meetings of Shareholders shall be held at any place outside of Canada specified in the Articles or at any other place within Canada as the Board of Directors shall determine.

### **6.3 Notice of Meetings**

Notice of the time and place of each Meeting of Shareholders shall be given in the manner provided in Section 11.1 not less than twenty-one (21) nor more than fifty (50) days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date, if any, for notice is entered in the securities' register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a Meeting of Shareholders called for any purpose other than consideration of the financial statements and auditors' report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder may in any manner waive notice of or otherwise consent to a Meeting of Shareholders.

### **6.4 Participation in Meetings by Electronic Means**

Any person entitled to attend a meeting of shareholders may participate in the meeting by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Company has made available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act and the By-laws to be present at the meeting.

### **6.5 Meeting Held by Electronic Means**

If the directors of the Company call a meeting of shareholders pursuant to the Act, those directors may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A person participating in a meeting of shareholders held by such means is deemed to be present in person at the meeting and will have the opportunity to participate to the same extent as if the person were attending in person and in full purview of other shareholders.

### **6.6 Presiding Officer**

The Chairman of any Meeting of Shareholders shall be the first mentioned of such of the following officers as have been appointed and is present at the meeting: the Chairman, the Vice-Chairman, the President, the Vice-President who is also a director. In the absence of such officers, the shareholders shall choose one of their number to chair the meeting. The Secretary of the Meeting shall be the Secretary of the Company or failing him, the Assistant Secretary of the Company. Notwithstanding the above, the Chairman of the meeting, at his sole discretion, may appoint a person, who need not be a shareholder, to act as Secretary of the meeting.

### **6.7 Persons Entitled to be Present**

The only persons entitled to be present at a Meeting of Shareholders shall be those entitled to vote thereat, the directors and auditors of the Company and others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles or the By-laws to be present. Any other person may be admitted only with the consent of the Chairman of the meeting or with the consent of the meeting.

### **6.8 Quorum**

A quorum of shareholders is present at a meeting of shareholders irrespective of the number of persons actually present at the meeting, if the holders of forty percent (40%) of the shares entitled to vote at the meeting are present in person or represented by proxy. A quorum need not be present throughout the meeting provided that a quorum is present at the opening of the meeting.

## **6.9 Right to Vote**

Subject to the provisions of the Act generally and as to authorized representatives of any other body corporate, at any Meeting of the Shareholders, every person shall be entitled to vote at the meeting who at the time is entered in the list prepared in accordance with the Act as the holder of one or more shares carrying the right to vote at such meeting. Without limiting the foregoing:

- (a) where a person holds shares as a personal representative, he or his proxyholder, upon filing with the Secretary of the meeting sufficient proof of his appointment, satisfactory to the Secretary, shall be entitled to vote at all Meetings of Shareholders in respect of the shares held by him.
- (b) a shareholder who has mortgaged or hypothecated his shares shall retain the right to vote such shares, unless in the instrument creating the mortgage or hypothec he has expressly assigned the voting rights attaching to such shares in which event the mortgagee or hypothecary creditor or his proxyholder, upon filing with the Secretary of the meeting sufficient proof of such assignment, shall be the person entitled to vote in respect of such shares.

## **6.10 Scrutineers**

At any Meeting of Shareholders, the Chairman of the meeting may with the consent of the meeting appoint one or more persons, who may be shareholders, to serve as scrutineers.

## **6.11 Electronic Voting**

- (a) Any person entitled to attend and vote at a meeting of shareholders may vote at the meeting in person or by proxy and, subject to any determinations made from time to time by the Board, may appoint a proxy by any method permitted by law, including over the internet, by the input of data using telephonic, facilities or by reproduction using facsimile or electronic facilities.
- (b) To the extent permitted by the By-laws or the Articles of the Company or by the Act or other laws governing the Company, the Board may establish, in connection with any meeting of shareholders, procedures regarding voting at the meeting by means of telephonic, electronic or other communication facilities, and make available such communication facilities consistent with those procedures. The Board may determine from time to time that the voting at any specific meeting shall be held entirely by such means.

## **6.12 Votes to Govern**

At any Meeting of Shareholders, unless a special resolution is required, all questions shall be decided by the majority of votes cast on the question.

## **6.13 Voting**

Upon a show of hands each person present and entitled to vote shall have one (1) vote. A declaration by the Chairman of the meeting that the question has been carried, carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of such fact; and the results of the vote so taken and declared shall be the decision of the shareholders upon the said question.

The Chairman of the meeting and any shareholder or proxyholder entitled to vote thereat may require or demand a ballot upon any question, but such requirement or demand may be withdrawn at any time prior to the taking of the ballot. The ballot shall be taken in such manner as the Chairman of the meeting shall direct. On a ballot, each shareholder present in person or by proxy shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to the number of votes provided by the Articles or the Act and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

## **6.14 Proxies**

Every shareholder entitled to vote at a Meeting of Shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act.

## **6.15 Time for Deposit of Proxies**

The Board may specify in a notice calling a Meeting of Shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Company or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the Secretary of the Company or by the Chairman of the meeting or any adjournment thereof prior to the time of voting.

## **6.16 Adjournment**

If a meeting of the shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for an original meeting.

# **Part 7 Officers**

## **7.1 Appointment**

The Board may from time to time elect or appoint officers with such duties and powers and for such terms of office as the Board deems advisable and, in particular, a Chairman, a Vice-Chairman, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary and a Treasurer (who may also be Vice-Presidents), and one or more assistants to any of the officers so elected or appointed. Except as provided in Section 7.3, the same person may hold more than one office.

## **7.2 Chairman, Vice-Chairman and President**

The Chairman, Vice-Chairman and President shall each be a director and shall have such powers and duties as the Board may specify.

## **7.3 Lead Director**

The Lead Director shall be appointed from among the independent directors to act as a leader of the Board in consort with the powers and duties of the Chairman.

## **7.4 Chief Executive Officer**

The Board may designate an officer as Chief Executive Officer of the Company who, as such, shall, subject to the authority of the Board, have general supervision over the business of the Company. The Chairman and the Chief Executive Officer of the Company shall not be the same person, except in the event of the death, resignation or removal of the Chairman or the Chief Executive Officer, until such time as a permanent successor is appointed as Chairman or Chief Executive Officer, as the case may be.

## **7.5 Vice-Presidents**

Each Vice-President shall have such powers and duties as the Board or the Chief Executive Officer may specify. The Board may designate a Vice-President as the Executive Vice-President in which event he shall be deemed to be the Vice-President with greatest seniority and shall be vested with all the powers and perform all the duties of the President in the absence or disability of the President.

## **7.6 Secretary**

The Secretary shall attend and be the Secretary of all meetings of the Board, committees of the Board, and shareholders and shall maintain minutes of all proceedings thereat. He shall give, or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board and shall be custodian of the corporate seal and records of the Company, except when another officer has been appointed for that purpose, and he shall have such other powers and duties as the Board or the Chief Executive Officer may specify. The Assistant Secretary or, if more than one, the Assistant Secretaries, shall assist the Secretary in the performance of his duties and shall exercise all his powers and carry out all his duties in the absence or disability of the Secretary.

## **7.7 Treasurer**

The Treasurer shall have the care and custody of all funds and securities of the Company and shall deposit same in the name of the Company in such banks, trust companies or other financial institutions as the Board may designate, provided that he may from time to time arrange for the temporary deposit of funds and securities of the Company in banks, trust companies or other financial institutions within or outside Canada not so designated by the Board for the purpose of facilitating transfer thereof to the credit of the Company in a bank, trust company or other financial institution so designated. The books and accounts shall at all times be open to inspection and examination by the Board, by the Executive Committee, by the President or by any person appointed by the Board for that purpose. He shall sign or countersign such instruments as require his signature and shall perform all duties incident to his office. The Treasurer shall have such other powers and duties as the Board or the Chief Executive Officer may specify. The Assistant Treasurer, or if more than one, the Assistant Treasurers, shall assist the Treasurer in the performance of his duties and shall exercise all his powers and carry out all his duties in the absence or disability of the Treasurer.

## **7.8 Term of Office**

The Board, in its discretion, may remove any officer of the Company, without prejudice to the rights of such officer under any employment contract. Otherwise each officer of the Company shall hold office until his successor is elected or appointed or until his earlier resignation.

## **7.9 Agents and Attorneys**

The Board may appoint agents or attorneys of the Company within or outside Canada with such powers and duties as it may deem fit.

## **7.10 Fidelity Bonds**

The Board may require such officers, employees and agents of the Company as it deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine.

## **7.11 Conflict of Interest**

An officer shall disclose his interest in any material contract or proposed material contract with the Company in accordance with Section 4.11.

## Part 8 Indemnity

### 8.1 Limitation of Liability

No director or officer for the time being of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or agent or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by the Company or 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 or belonging to the Company shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or company including any person, firm or company with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Company or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office of trust or in relation thereto, unless the same are occasioned by his own willful neglect or default, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or relieve him from liability under the Act. The directors for the time being of the Company shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Company, except such as shall have been submitted to an authorized or approved by the directors. If any director or officer of the Company shall be employed by or shall perform services for the Company otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Company, the fact of his being a shareholder, director or officer of the Company or body corporate or member of the firm shall not disentitle such director or officer of such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

### 8.2 Indemnity

- (a) Subject to the limitations contained in the Act but without limit to the right of the Company to indemnify any person under the Act or otherwise, the Company shall indemnify a director or officer of the Company, a former director or officer of the Company or another individual who acts or acted at the Company's request as a director or officer, or an individual acting in similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Company or other entity.
- (b) The Company shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in paragraph (a). The individual shall repay the moneys if the individual does not fulfill the conditions of paragraph (c).
- (c) The Company shall not indemnify an individual under paragraph (a) unless the individual:
  - i. acted honestly and in good faith with a view to the best interests of the Company, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer of in a similar capacity at the Company's request; and
  - ii. in the case of a criminal or administrative action or proceeding that is enforced by the monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

- (d) The Company shall, with the approval of the court, indemnify an individual referred to in paragraph (a), or advance moneys under paragraph (b), in respect of an action by or on behalf of the Company or other entity to procure a judgment in its favor, to which the individual is made a party because of the individual's association with the Company or other entity as described in paragraph (a) against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfills the conditions set out in paragraph (c).
- (e) Despite paragraph (a), an individual referred to in that paragraph is entitled to indemnity from the Company in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the Company or other entity as described in paragraph (a), if the individual seeking indemnity:
  - i. was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
  - ii. fulfills the conditions set out in paragraph (c).

### **8.3 Insurance**

Subject to the Act, the Company may purchase, maintain or participate in such insurance for the benefit of the persons mentioned in Section 8.2, as the Board may from time to time determine.

## **Part 9 Shares**

### **9.1 Allotment**

Subject to the Articles and the requirements of all applicable regulatory authorities, the Board may from time to time allot, or grant options to purchase with respect to, the whole or any part of the authorized and unissued shares of the Company at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued unless it is fully paid as prescribed by the Act.

### **9.2 Commissions**

The board may from time to time authorize the Company to pay a reasonable commission to any person in consideration of purchasing or agreeing to purchase shares of the Company, whether from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares.

### **9.3 Share Certificates**

Every holder of one or more shares of the Company shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgment of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities' register. Share certificates and acknowledgments of a shareholder's right to a share certificate, respectively, shall be in such form as is required by law and as the Board shall from time to time approve.

### **9.4 Securities Registrars, Transfer Agents and Dividend Disbursing Agents**

The Board may from time to time appoint a Registrar to maintain the securities' register and a Transfer Agent to maintain the register of transfers and may also appoint one or more Branch Registrars to maintain branch securities' registers and one or more Branch Transfer Agents to maintain branch registers of transfers. The Board may also from time to time appoint a Dividend Disbursing Agent to disburse

dividends. One person may be appointed to any number of the aforesaid positions. The Board may at any time terminate any such appointment.

### **9.5 Joint Shareholders**

If two or more persons are registered as joint holders of any share, the Company shall not be bound to issue more than one (1) certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

### **9.6 Deceased Shareholder**

In the event of the death of a holder or of one of the joint holders of any share, the Company shall not be required to make any entry in the securities' register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Company and its Transfer Agent.

### **9.7 Lien for Indebtedness**

Except in the case of any class or series of shares of the Company listed on a stock exchange, the Company shall have a lien on the shares registered in the name of a shareholder who is indebted to the Company, to the extent of such indebtedness and such lien may be enforced, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Company may refuse to register a transfer of the whole or part of such shares.

### **9.8 Lost, Defaced or Destroyed Certificates**

The Board, or any officer or agent designated by it, may in its or his discretion, direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has become mutilated or defaced or in substitution for a certificate that has become lost, stolen or destroyed upon payment of such fee, if any, and on such terms as the Board may from time to time prescribe whether generally or in any particular case.

## **Part 10 Dividends and Rights**

### **10.1 Dividend**

Subject to the Act, the Board may from time to time declare and the Company may pay dividends on its issued shares to the shareholders according to their respective rights and interests in the Company. Dividends may be paid in money or property or by issuing fully paid shares of the Company.

### **10.2 Dividend Check**

A dividend payable in cash shall be paid by check drawn either on the bankers of the Company or those of its Dividend Disbursing Agent to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address or to such other address as the holder directs. In the case of joint holders the check shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address, or to the first address so appearing if there are more than one. The mailing of such check as aforesaid, unless the same is not paid on due presentation shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Company is required to and does withhold.

### **10.3 Non-receipt of Checks**

In the event of non-receipt of any dividend check by the person to whom it is sent as aforesaid, the Company or its Dividend Disbursing Agent shall issue to such person a replacement check for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe whether generally or in any particular case.

### **10.4 Unclaimed Dividends**

No dividends shall bear interest as against the Company. Except as otherwise expressly provided in the Articles with respect to any class or series of shares, any dividend unclaimed for one year after having been declared payable may be invested or otherwise made use of by the directors for the benefit of the Company. Any dividend unclaimed after a period of three (3) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Company, but the Board may nevertheless authorize the subsequent payment of any such dividend on such terms as to indemnity and evidence of title as the Board may from time to time prescribe, whether generally or in any particular case.

## **Part 11 Notices**

### **11.1 Method of Giving Notices**

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the Articles, the By-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his Recorded Address or if mailed to him at his Recorded Address by prepaid ordinary or air mail or if sent to him at his Recorded Address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or at the Recorded Address aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the Recorded Address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by him to be reliable.

### **11.2 Notice to Joint Shareholders**

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons at their Recorded Address shall be sufficient notice to all of them.

### **11.3 Computation of Time**

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

### **11.4 Undelivered Notices**

If any notice given to a shareholder pursuant to section 11.1 is returned on three (3) consecutive occasions because he cannot be found, the Company shall not be required to give any further notices to such shareholder until he informs the Company in writing of his new address.

## 11.5 Omissions and Errors

The accidental omission to give any notice to any shareholder director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice shall not invalidate such notice or any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

## 11.6 Persons Entitled by Death or Operation of Law

Every person who by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities' register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Company the proof of authority or evidence of his entitlement prescribed by the Act.

## 11.7 Waiver of Notice

Any director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the Articles, the By-laws or otherwise and such waiver or abridgement shall be in writing except a waiver of notice of a Meeting of Shareholders or of the Board which may be given in any manner.

## Part 12 Effective Date and Repeal

### 12.1 Effective Date

This By-law shall come into force when made by the Board in accordance with the Act.

### 12.2 Repeal

All previous By-laws of the Company are repealed as of the coming into force of this By-law provided that such repeal shall not affect the previous operation of any By-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such By-law prior to its repeal. All officers and persons acting under any By-law so repealed shall continue to act as if appointed under the provisions of this By-law and all resolutions of the shareholders or the Board with continuing effect passed under any repealed By-law shall continue to be valid except to the extent inconsistent with this By-law and until amended or repealed.

Made by the Board the 12th day of March, 2009.



Fred Andriano  
Secretary



Timothy E. Shields  
Chairman of the Board