

OTTER LAKE DEVELOPMENT CORPORATION

OPERATIONAL BY-LAW

WHEREAS it is deemed necessary by the directors for there to be an organizational structure developed upon incorporation;

AND WHEREAS the directors deem it appropriate and necessary to do so pursuant to by-law;

NOW THEREFORE BE IT ENACTED, AND THE OPERATONAL BY-LAW IS HEREBY ENACTED, as a by-law of Otter Lake Development Corporation (hereinafter called the "Corporation") as follows:

Article I

PRELIMINARY

1.1 **Preamble.** The preamble herein shall form an integral part of this by-law and shall be used in its interpretation.

1.2 **Definitions.** In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

(a) **"Act"** means The Corporations Act (Manitoba), as from time to time amended, and every statute that may be substituted; in the case of such amendment or substitution, any references in the by-laws of the Corporation shall be read as referring to the amended or substituted provisions;

(b) **"by-law"** means any by-law of the Corporation, including any special by-law, from time to time in force and effect;

(c) all terms contained in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act;

(d) words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include bodies corporate, corporations, companies, partnerships, syndicates, trusts and any number or aggregate of persons; and

(e) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

1.3 **Registered Office.** The registered office of the Corporation shall be at the address set forth in the Articles of Incorporation, in the Province of Manitoba, and at such place therein as the directors of the Corporation may from time to time decide.

1.4 **Seal.** The Corporation may obtain a corporate seal of the Corporation.

Article II

DIRECTORS

2.1 **Number:** The affairs of the Corporation shall be managed by a board of not less than one director and not more than twelve (12) directors (the majority of whom shall be resident Canadians) or such other number as the members of the corporation may from time to time resolve in accordance with the Act.

2.2. **Qualification.** Every director shall be eighteen (18) years of age or older, and be a member in good standing of the Corporation, and either own property or have a real and substantial connection to Otter Lake. No undischarged bankrupt, nor person of mental infirmity or mental incompetence as determined by a court of competent jurisdiction nor any person who is not an individual, shall be a director.

2.3 **Term of office and filling of vacancies.** A directors' term of office (subject to the provisions, if any, of the Articles of Incorporation and of the by-laws of the Corporation) shall be from the date of the annual members' meeting at which he or she or she is elected or appointed until the members' annual meeting next following or until his or her or her successor is appointed. A person appointed by such directors as remaining in office to fill a vacancy on the board shall hold office (subject to the provisions of the Articles of Incorporation, by-laws, or the Act) for the balance of the unexpired term of the vacating director.

2.4. **Vacation of Office.** The office of a director shall be vacated automatically (a) if the director becomes bankrupt or suspends payment or compounds with his or her creditors or makes an authorized assignment or is declared insolvent; (b) if the director is found to be of unsound mind; (c) if the director, by notice in writing to the Corporation, resigns his or her office; (d) if the director dies; or (e) if being a resident Canadian director, the director ceases to be a resident Canadian.

2.5 **Election and removal.** Election of directors shall not be by ballot unless demanded. A retiring director shall retain office until the dissolution or adjournment of the meeting at which time his or her successor is elected (unless such meeting was called for the purpose of removing a director from office in which case the director so removed shall vacate office forthwith upon the passing of resolution for his or her removal.)

Article III

MEETINGS OF DIRECTORS

3.1 **Place of meeting.** Directors' meetings may be held either at the head office of the Corporation, at Otter Lake, in Erickson, Manitoba or elsewhere within or outside of Canada as the directors may from time to time determine. A meeting of directors may be convened by the President or Vice-President, or any directors at any time, and the Secretary by direction of the President or Vice-President, or any directors, shall convene a meeting of directors. Notice of such meeting shall be delivered or mailed or faxed or emailed to each director not less than fourteen (14) days (exclusive of the day on which the notice is delivered or mailed or faxed or emailed, but inclusive of the day for which notice is given) before the meeting is to take place. Meetings of the board of directors may be held at any time without formal notice if all the directors are present or those absent have waived notice or have signified their consent in writing to the meeting being held in their absence. Notice of any meeting or irregularity in any meeting or notice thereof may be waived by any director.

3.2 **Quorum.** A majority of the number of authorized directors shall form a quorum for the transaction of business.

3.3 **First Meeting Following Appointment.** After the election of the directors at an annual meeting of members, and for the first meeting of the board of directors to be held immediately following such annual meeting, or in the case of a director elected to fill a vacancy on the board, no notice of such meeting shall be necessary to the newly elected director or directors in order to legally constitute the meeting, provided that a quorum of directors is present.

3.4 **Acts When No Quorum.** Unless otherwise provided in the Articles of Incorporation, or by-laws of the Corporation, the continuing directors may act notwithstanding any vacancy in the board, but if their number is reduced below the number necessary for a quorum, the continuing directors may act for the purpose of increasing the number of directors to that number necessary for a quorum, or for proceeding to an annual meeting of the Corporation, but for no other purpose.

3.5 **Telephone participation.** Where all the directors have consented thereto (either before, during, or after the meeting) any director may participate in a meeting of the board of directors or of the executive committee of the board of directors, by means of conference, telephone or other communication equipment on which all persons participating in the meeting can hear each other; a director participating in a meeting pursuant to the provisions of the Act shall be deemed to be present in person at that meeting. If a majority of the directors participating in a meeting held pursuant to this paragraph are then in Canada, the meeting shall be deemed to have been held in Canada.

3.6 **Voting.** Questions arising at any meeting of directors shall be decided by a majority of votes. In cases of an equality of votes on any issue or question, the chairman, in addition to his or her original vote, shall have a second or casting vote for resolution of that tie vote only.

Article IV

REMUNERATION OF DIRECTORS

4.1 **Discretion to Directors.** The remuneration or any honorarium to be paid to the directors, if any, shall be as the board of directors, from time to time, shall determine and as approved pursuant to the budget approved by the board of directors and approved by a majority of the members (with quorum); such remuneration or honorarium, if any, to be paid to the directors, if any, shall be as the board of directors shall from time to time determine; such remuneration, if any, shall be in addition to the salary paid, if any, to any officer of the Corporation who is also a member of the board of directors. The directors may also by resolution, award special remuneration to any director undertaking any special service on behalf of the Corporation other than the routine work ordinarily required of a director by the Corporation. The directors shall separate and apart from any honorarium or remuneration, also be entitled to reimbursement for disbursements including but not limited to phone, fax, email or travelling and other expenses properly incurred by the directors in connection with the affairs of the Corporation.

4.2 The directors shall be entitled, separate and apart from any remuneration or honorarium, if any, to reimbursement for out of pocket expenses or disbursements incurred by he directors, as authorized by the directors and incurred for purposes of and in connection with the affairs of the corporation, such out of pocket expenses or disbursements to include but not be limited to cost for phone, fax, email, and travel.

Article V

APPROVAL OF MEMBERS FOR CONTRACTS/TRANSACTIONS

5.1 **Submission for Approval.** The board of directors, in their discretion, may submit any contract, act or transaction for approval, ratification or confirmation at any annual meeting of the members or at any special meeting of the members called for the purpose of considering same; any contract, act, or transaction that shall be approved, ratified, or confirmed by a resolution passed by majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act, or by the Articles of Incorporation or any other by-law) shall be valid and binding upon the Corporation and upon all the members, as though it had been approved and ratified by every members of the Corporation.

Article VI

PROTECTION OF DIRECTORS AND OFFICERS

6.1 **No Liability Where Bona Fide/Due Diligence.** No director or officer of the Corporation shall be liable for the acts, receipts, neglects or default of any director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person, firm or corporation including any person, firm or corporation 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 Corporation or for any other loss, damage or misfortune whatever, which may happen in the execution of the duties of the respective office or in relation thereto, unless same shall happen by or through failure to exercise the powers and to discharge the duties of office, honestly, in good faith, and in the best interests of the Corporation, and in connection therewith, failure to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In particular:

- a) The directors for the time being of the Corporation 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 Corporation, except such as shall have been submitted to and authorized or approved by the board of directors.
- b) If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a members, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his or her being a director or officer of the Corporation shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

6.2 **Terms of Indemnity.** Subject to the provisions of the Act, every director and officer of the Corporation and his or her heirs, executors, administrators and other legal personal representatives, and other persons acting on the instruction of the Corporation shall from time to time be indemnified and saved harmless by the Corporation from and against;

- (a) any liability and all costs, charges and expenses that the director sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against the director for or in respect of anything done or permitted by

the directors in respect of the execution of the duties of his or her office; and

(b) all other costs, charges and expenses which he or she sustains or incurs in respect of the affairs of the Corporation.

Article VII

OFFICERS

7.1 **Election.** The board of directors shall annually, or more often as may be required, elect a President and/or Vice-President, and if deemed advisable, a Secretary, and a Treasurer. The foregoing officers need not be a member of the board of directors. Any two of the aforesaid offices may be held by the same person except those of President and Vice-President. Whenever the same person holds the office of Secretary and Treasurer, the officer may, but need not be known as the Secretary-Treasurer. A vote of the majority of the board of directors shall be necessary for the election or appointment of said officers. The board of directors may from time to time elect or appoint such other officers and agents as it shall deem necessary who shall have such authority and shall perform such duties as from time to time shall be prescribed by the directors.

7.2 **Remuneration of officers.** The remuneration of all officers, employees and agents elected or appointed by the directors shall be determined from time to time, by resolution of the board of directors. The fact that any officer, employee or agent is a director or member of the Corporation shall not disqualify that director from receiving such remuneration as may be determined.

7.3 **Removal of officers.** All officers, employees or agents, in the absence of agreement to the contrary, shall be subject to removal by resolution of the directors at any time, with or without cause, provided that a majority of the board shall vote in favour thereof.

7.4 **Duties of officers may be delegated.** In the event of absence or inability to act of any officer of the Corporation, or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officers to any other officer or to any director for the time being. In particular, directors and/or officers of the Corporation may create committees and/or sub-committees, such committees and/or sub-committees, if any, to report to the directors and/or officers of the Corporation.

7.5 **President.** The President shall be the chief executive officer of the Corporation and shall exercise general supervision over the business and affairs of the Corporation. In the absence of the person of the Board (if any) the President shall, when present, preside at all meetings of the board of directors, the executive committee of the board of directors, if any, and meetings of the members; the President shall sign such contracts, documents or instruments in writing as require

the President's signature and shall have such other powers and shall perform such other duties as may from time to time be assigned to the President by resolution of the board of directors, or as are incidental to the office.

7.6 **Vice-President.** The Vice-President or, if more than one, the Vice-Presidents in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided however, that a Vice-President who is not a director shall not preside as chairman at any meeting of members. The Vice-President or, if more than one, the Vice-Presidents in order of seniority, shall sign such contracts, documents or instruments in writing as requires his or her or her signature and shall also have such other powers and duties as may from time to time be assigned to him or her by resolution of the board of directors.

7.7 **Secretary.** The Secretary shall issue or cause to be issued notices for all meetings of the board of directors and any executive committee thereof, and the members when directed to do so, have charge of the minute-books of the Corporation, and sign with the President or other signing officer or officers of the Corporation such instruments as require his or her signature. The Secretary shall perform such other duties as the terms of engagement call for or the board of directors may from time to time properly require of the Secretary. In particular, the Secretary or some other officer specially charged with the duty shall keep or cause to be kept a book or books wherein shall be kept recorded the documents and registers referred to and required by the Act.

7.8 **Treasurer:** The Treasurer shall have the care and custody of all of the funds of the Corporation and shall deposit same in the name of the Corporation in such Bank or Credit Union or with such depository or depositories as the board of directors may direct. The Treasurer shall keep or cause to be kept the books of account and the accounting records required by the Act, and at all reasonable times, exhibit the books and accounts to any director of the Corporation, upon application, at the office of the Corporation during business hours. The Treasurer shall sign or countersign such instruments as require the Treasurer's signature and shall perform all duties incidental to the Treasurer's office or that are properly required by the board of directors. The Treasurer may be required to give such bond for the faithful performance of duties as the board of directors in their uncontrolled discretion may require and no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

7.9 **General Manager or Manager:** The board of directors may, from time to time, appoint a General Manager or Manager, who may but need not be one of the directors of the Corporation, and may delegate to the General Manager or Manager full authority to manage and direct the business and affairs of the Corporation (except such matters and duties as the Act, the Articles of Incorporation or by-laws stipulate must be transacted or performed by the board of directors or by the

members in general meeting) and to employ and discharge agents and employees of the Corporation or may delegate to him any lesser powers. If and so long as the General Manager or Manager is a director, the General Manager or Manager may, but need not, be known as Managing Director. The General Manager or Manager shall conform to all lawful orders given by the board of directors of the Corporation. The General Manager or Manager shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a General Manager or Manager shall be subject to discharge by the board of directors.

7.10 **Vacancies.** The directors, by resolution, may fill a vacancy among the officers of the corporation.

Article VIII

MEMBERS MEETING

8.1 **Annual Meeting.** The annual meeting of the members shall be held at the registered office of the Corporation, at Otter Lake, at Erickson, Manitoba, or elsewhere in Manitoba, on such day in each year as the board of directors may by resolution determine, except as the Articles of Incorporation or any by-law may otherwise provide.

8.2 **General or Special Meeting.** Other meetings (not annual meetings) of the members, whether it be a special or general meeting, may be convened by order of the President or the Vice-President or by the board of directors, at any time and at any place authorized by the Articles of Incorporation or by-law(s) of the Corporation.

8.3 **Notice.** A printed, written, or typewritten notice stating the day, hour and place of meeting and the general nature of the business to be transacted, shall be served, either personally or by sending such notice through the post, by prepared letter, 21 days (exclusive of the day of mailing, but inclusive of the day for which notice is given) before the date of every meeting, directed to such address as appears on the books of the Corporation or, if no address be given therein, then to the last address of such person known to the Secretary, provided always that a meeting of members may be held for any purpose at any time and at any authorized place without notice if all the members entitled to notice of such meetings are present or if the absent members shall have signified their consent in writing to such meeting being held. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived before or after the meeting by any members or the duly appointed proxy of any members, any director or auditor of the Corporation, in writing or by facsimile or email to the Corporation.

8.4 **Notice to Auditor.** The auditor of the Corporation is entitled to attend any meeting of members of the Corporation and to receive all notices and other

communications relating to any such meeting that a member is entitled to receive.

8.5 **Omission of Notice.** The accidental omission to give notice of any meeting or the non-receipt of any notice by any person or persons shall not invalidate any resolution passed or any proceedings taken at any meeting.

8.6 **Record Dates.** For the purpose of determining the members entitled to receive notice of a meeting of members, the directors shall fix in advance a date as the record date for the determination of members, but that record date shall not precede by more than 50 days or be less than 21 days before the date on which the meeting is to be held.

8.7 **Agenda.** The Agenda for the annual meeting shall include but not be limited to the following items: a) Call to Order; b) Establish quorum; c) Approve agenda; d) Review and approve minutes of last annual meeting; e) Correspondence; f) President's Report; g) Treasurer's Report; h) Reports of Committees; i) Unfinished business; j) New Business including but not limited to election of directors and appointment of officers; k) Announcements and final matters; and l) Adjournment.

8.8 **Votes.** Every question submitted to any meeting of members shall be decided in the first instance by a show of hands, unless a poll be demanded by any of the members, and in the case of an equality of votes, the chairman shall, both on a show of hands or a poll, have a casting vote, in addition to the vote or votes to which he or she may be entitled as a member.

a) At any meeting, unless a poll is demanded, a declaration by the chairman that a resolution has been carried or carried unanimously or by any particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact in such circumstances.

b) In the absence of the chairman of the board of directors, if any, the President and every Vice-President who is a director as well as, the members present entitled to vote, shall choose another director as chairman, and if no director is present or if all the directors present decline to take the chair, then the members present shall choose one of their members to be chairman.

c) If at any meeting a poll is demanded on the election of a chairman or on the question of adjournment, or termination, it shall be taken forthwith without adjournment.

d) If at any meeting a poll is demanded on any other question, it shall be taken in such manner and either at once or after adjournment as the chairman directs. The result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

e) A demand for a poll may be withdrawn.

f) Where there is more than one person registered as a member in respect of any membership, any one of such persons may vote at any meeting either personally or by proxy in respect of such membership as if he or she or she were solely entitled thereto. If more than one of such persons are present at any meeting personally or by proxy, the member name which stands first in the books of the Corporation or before the other or others in the books of the Corporation in respect of such membership, shall alone be entitled to vote in respect thereof.

g) Where a person holds a membership as a personal representative, such person or his or her proxy is the person entitled to vote at all meetings of members in respect of the membership so held by such person.

h) Where a person mortgages or hypothecates his or her membership (which shall not be done absent consent in advance in writing of the directors, by a majority) such person or his or her proxy is the person entitled to vote at all meetings of members in respect of such membership unless, in the instrument creating the mortgage or hypothec, he or she or she has expressly empowered the person holding the mortgage or hypothec to vote in respect of such membership, in which case, subject to the Articles of Incorporation, such holder or his or her proxy is the person entitled to vote in respect of the membership.

8.9 **Proxies.** Votes may be given either personally or by proxy. At every meeting at which he or she or she is entitled to vote, every member present in person shall have one vote, on a show of hands. Upon a poll which he or she or she is entitled to vote, every member present in person or by proxy shall have one vote for every membership held by him or her (subject to the provisions of the Articles of Incorporation).

a) An instrument appointing a proxy shall be in writing under the hand of the appointor or his or her attorney duly authorizing in writing, or if the appointor is a corporation either under the common seal on its behalf signed by its duly authorized officers. An instrument appointing a proxy signed by or on behalf of a corporation need not be under seal.

b) Where a Corporation being a member is present by a proxy who is not a member, such proxy shall be entitled to vote for such Corporation both on a show of hands and at a poll.

c) An instrument appointing a proxy shall be in the following form or in any other form which complies with the requirement of the Act:

"The undersigned member of Otter Lake Development Corporation, hereby appoints _____ of _____ as the nominee of the undersigned to attend and act for and on behalf of the undersigned at the _____ meeting of the

members of the said Corporation to be held on the day of , 20 , and at any adjournment thereof, in the same manner, to the same extent and with the same power as if the undersigned were personally present at the said meeting or such adjournment thereof.

Dated the day of , 2006.

Signature of Member

(This form of proxy must be signed by a member or his or her or her attorney authorized in writing or, if the member is a body corporate, under its seal or by an officer or attorney thereof duly authorized.)

d) The directors may, from time to time, make regulations regarding the lodging of instruments appointing a proxy at some place or places other than the place at which a meeting or adjournment of a meeting of members is held and for particulars of such instruments to be sent, faxed or emailed before the meeting or adjourned meeting to the Corporation as though the instruments themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. Pending the making of such regulations, the chairman of any meeting of members may, in his or her or her decision, accept faxed or emailed communications as to the authority of anyone claiming to vote on behalf of and to represent a member notwithstanding that no instrument of proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such faxed or emailed communications accepted by the Chairman shall be valid and shall be counted.

8.10. **Quorum.** A majority of the members holding a majority of the voting memberships personally present shall be a quorum of any meeting of members for the choice of a chairman and the adjournment of the meeting. For all other purposes, a quorum for any meeting (unless a greater or lesser number of members and a greater or lesser number of memberships are required by the Act or by the Articles of Incorporation or any amendment to the Articles of Incorporation thereto or any other by-law) shall be members personally present not being less than in number and holding or representing by proxy not less than fifty (50%) per cent of the membership of the Corporation and business shall not be transacted at any meeting unless the quorum requisite be present at the commencement of the business.

8.11 **Adjournment:** The person may, with the consent of any meeting, adjourn the meeting from time to time, to a fixed time and place, and no notice of such adjournment need be given to the members. The persons who form a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been

brought before or dealt with at the original meeting in accordance with the notice calling the same.

Article IX

NOTICES

9.1. **Service.** Any notice or other document may be given by the Corporation to any members, director or auditor either personally or by sending it through the post in a prepaid envelope or courier or by facsimile or email addressed to such members, director or auditor at his or her or her address as same appears in the books of the Corporation, or if no such address be given therein, then to the last address of such members, director or auditor known to the Secretary.

9.2 **Undelivered Mail.** Where notices or other documents required to be given or sent by the Corporation to its members have been mailed to a member at his or her or her latest address as shown on the records of the Corporation, and where on three consecutive occasions notices or other documents have been returned by the post office to the Corporation, the Corporation is not required to mail to the member any further notices or other documents until such time as the Corporation receives written notice from the member requesting that notices and other documents be sent to the member at a specified address.

9.3 **Computation of time.** Where a given number of days' notice or notice extending over any period is required to be given by the Act, the Articles of Incorporation or any other by-law, the day of service or posting of the notice shall unless it is otherwise provided be counted in such number of days or other period.

9.4 **Signature to notices.** The signatures to any notice to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

9.5 **Proof of service.** A certificate of the Secretary or other duly authorized officer of the Corporation in office at the time of the making of the certificate as to facts in relation to the mailing or delivery of any notice to any members, director, auditor or officer or publication of any notice shall be conclusive evidence thereof and shall be binding on every members, director, auditor or officer of the Corporation as the case may be.

Article X**CORPORATE DOCUMENTS**

10.1 **Signing of Cheques/Drafts/Financial Instruments.** All cheques, drafts or orders for the payment of money and all notes and acceptance and bills of exchange shall be signed by such officer or officers of the Corporation, and in such manner as the board of directors may from time to time designate.

10.2 **Books of Account.** Subject to the Act, the books of account of the Corporation may be kept either at the head office or at such other places in the Province of Manitoba, or elsewhere in Canada, as the directors may from time to time determine or approve.

10.3 **Custody of Securities.** All securities, if any, owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank, credit union or trust company or in a safety deposit box or, if so authorized by resolution of the board of directors, with such other depositories or in such other manner as may be determined from time to time by the board of directors. All securities belonging to the Corporation may be issued and held in the name of a nominee or nominee of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer thereof to be completed and registration thereof to be effected.

10.4 **Execution of Documents.** Contracts, documents or any instruments in writing requiring the signature of the Corporation may be signed by two officers or by any two directors of the Corporation, or by a director and one officer, and all contracts, documents, instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board of directors shall have power, from time to time and by resolution, to appoint any officer or officers on behalf of the Corporation either to sign contracts, documents and instruments made in writing or to sign specific contracts, documents or instruments in writing.

a) The seal of the Corporation may, when required, be affixed to contracts, documents, and instruments in writing to be signed.

b) The term "contracts, documents or any instruments in writing" as used herein shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or moveable, agreements, releases, receipts and discharges for the payment of money or other

obligations, conveyances, transfers and assignments of shares, warrants, rights, stocks, bonds, debentures or other securities and all paper writings.

c) The signature or signatures of any officer or director of the Corporation appointed as aforesaid by resolution of the board of director 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 of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing of the Corporation on which the signature or signatures of any of the foregoing officers, directors as reproduced, by authorization by resolution of the board of directors, shall be deemed to have been manually signed by such officers or directors 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 or directors, whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing of the Corporation.

Article XI

FISCAL YEAR

11.1 **Year End.** The fiscal year of the Corporation shall terminate on the 31st day of December in each year, or at such other time as the directors may from time to time determine by resolution.

11.2 **Budget.** The directors shall develop a budget for the Corporation, on an annual basis, which shall be presented to and approved by the members at the annual meeting of the Corporation.

11.3 **Audit.** Unless the board of directors and members resolve to do otherwise, the books and accounts of the Corporation shall be audited annually.

11.4 **Financial Statement.** A financial statement for the Corporation shall be produced each year, such financial statement to be available to all directors, officers, and members of the Corporation.

ARTICLE XII

RULES AND REGULATIONS

12.1 **Authority to pass by-laws.** The directors shall be authorized to enact and pass separate by-law(s) creating rules and regulations for the Corporation with respect to matters including but not limited to:

1. Common areas/Green Areas/Public Areas

- 2. Trees/Wood Cutting
- 3. Pets/Animals
- 4. Roads/Maintenance
- 5. Wells/Water Quality/Water Supply
- 6. Off Road Vehicles
- 7. Buildings and Properties/Derelict Lots/General Maintenance Standards
- 8. Storage of Materials on Properties
- 9. Garbage
- 10. Septic Tanks/Systems
- 11. Docks/Marina
- 12. Quiet Hours
- 13. Open Fires
- 14. Commercial Activities
- 15. Membership/Rights and Obligations
- 16. Membership Dues/Establishment/Review
- 17. Rights of Corporation upon Default of Payment of Membership Dues by Members.

ENACTED THIS day of , 2006.

Director

Director

Director

Director

Director

Director

**OTTER LAKE DEVELOPMENT CORPORATION
OPERATIONAL BY-LAW**

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BY-LAW NO. 2

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of **OTTER LAKE DEVELOPMENT CORPORATION**. (hereinafter called the "Corporation") as follows:

1. The board of directors may and it is hereby authorized from time to time to:
 - (a) borrow money upon the credit of the Corporation;
 - (b) limit or increase the amount to be borrowed;
 - (c) issue bonds, debentures, debenture stock, or other securities and debt obligations of the Corporation and pledge or sell the same for such sums and at such prices as are deemed expedient; and
 - (d) charge, hypothecate, mortgage, or pledge, present or after acquired real or personal property of the Corporation, or both, to secure any such bonds, debentures, debenture stock, or other securities and debt obligations and any money borrowed.
 - (e) guarantee the repayment of the debts, delegations and liabilities of any other Corporation.
2. The board of directors is hereby authorized to delegate by resolution to one or more directors and/or officers of the Corporation specified in such resolution all or any of the powers hereinbefore conferred on them including, without limiting the generality of the foregoing, the power to make arrangements with reference to the borrowing of money as aforesaid and as to the terms and conditions of the loan thereof and security therefor and as to the debt obligations to be given therefor, with power to vary or modify such arrangements, terms and conditions and debt obligations as the directors of the Corporation may authorize, and generally to manage, transact and settle the borrowing of money by the Corporation.
3. The board of directors may from time to time authorize one or more directors, officers, employees of the Corporation (or other persons, whether connected with the Corporation or not), to sign, execute and deliver on behalf of the Corporation all documents and agreements necessary or desirable for such purposes and to draw, make, accept, endorse, execute and issue cheques, promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments and all such documents, agreements and instruments (and all renewals thereof or substitutions therefor) so signed shall be binding upon the Corporation.
4. The powers hereby conferred shall be deemed to be in supplement to and not in substitution for any powers to borrow money for the purposes of the Corporation possessed by its directors or officers independently of a borrowing by-law.

ENACTED THIS day of , 2006.

WITNESS the signature of the Directors and Shareholders of the Corporation.

_____ Director

_____ Director

_____ Director

_____ Director

_____ Director

_____ Director