

## ARTICLES OF ASSOCIATION

### I. General

The Companies' Acts of five of the provinces of Canada provide for incorporation by filing memorandum and articles of association. The five are British Columbia, Alberta, Saskatchewan, Nova Scotia and Newfoundland. These Acts all derive essentially from the English Companies Act which provided for incorporation in the same manner. The theoretical basis of such incorporation as opposed to the grant of letters patent, is twofold, firstly incorporation is a matter of right and not at the pressure of the Crown and secondly the contractual nature of the articles and memorandum of association. It is important to remember this contractual nature since the English common law takes the view that those are sui juris can enter into any contract they wish providing it is not illegal or unlawful. Under this concept there is at present little case law and less statutory protection for shareholders provided for in the articles of association. There is no concept that the articles of association must be reasonable. Unequestionably a shareholder has the right to insist that the provisions of the articles be complied with but the contents of the articles are left to the imagination of the legal draftsmen and providing they comply with the provisions of the Companies Act and are not downright illegal they can contain any provision that the ingenuity of the draftsman may devise. The contractual nature of the memorandum and articles is reflected in s. 29 of the present Alberta Act.

#### COMPANIES (PART 3)

29. (1) The memorandum and articles, when registered, bind the company and the members thereof to the same extent as if they respectively had been signed and sealed by each member, and contained covenants on the part of each member, his heirs, executors, and administrators, and in the case of a corporation, its successors, to observe all the provisions of the memorandum and of the articles, subject to the provisions of this Act.

(2) All money payable by any member to the company under the memorandum or articles is a debt due from him to the company and in the nature of a specialty debt.

[R.S.A. 1970, c. 60, s. 29]

The case law regarding the exact nature of the contractual relationship may be summarized in the following propositions:

(1) No provision of the articles of association can constitute a contract between the company and a third person.

(2) The articles constitute a contract between the company and the shareholder and the provisions of the articles may be enforced by the company against a shareholder or by a shareholder against the company providing he is suing in his capacity as a shareholder.

(3) Proposition No. 2 does not apply where a member is seeking to enforce a provision of the articles in some capacity other than that of member, i.e., where the articles provide A is to be the solicitor for the company, A cannot sue to enforce this provision, same with payments to a promotor, or the right given in the articles to a named person to be a Director. Similarly a company cannot use a provision in an article to bar a suit by a member when he is suing in the capacity other than that of member, i.e., as a contractor with the company independent of his membership.

(4) A member must sue the company to enforce any right or remedy against other members. He cannot sue the other members directly.

## II. Present Provisions in the Alberta Act

"Articles" are defined in s. 2(1)

### Definitions

#### 2. (1) In this Act,

##### 1. "articles" means

(i) the articles of association prescribing regulations for a company, whether as originally framed or as altered by special resolution, and including, in so far as they apply to the company, the regulations contained, as the case may be,

(A) in Table A in the First Schedule to this Act, to chapter 53 of the Revised Statutes of Alberta, 1955; to chapter 240 of the Revised Statutes of Alberta, 1942, or to *The Companies Act, 1929*, or

(B) in Table A in the First Schedule or in Form B in the Second Schedule to chapter 156 of the Revised Statutes of Alberta, 1922, or to *The Companies Ordinance, 1901*.

or in any such table as altered pursuant to the provisions of any such Act or Ordinance, and

(ii) the by-laws of a company incorporated under Ordinance No. 3 of 1886, being chapter 30 of The Revised Ordinances of the Northwest Territories, 1888, or under chapter 61 of The Consolidated Ordinances of the Northwest Territories, 1898, as originally framed or duly altered;

Under the provisions of s. 25 of the Act incorporation is accomplished by the applicants delivering to the Registrar the memorandum and the articles together with any other requirement of the Act (presently a Notice of Registered Office) one copy of which is retained by the Registrar of Companies having satisfied himself that they comply with the provisions of the Act he then issues his certificate of incorporation.

Under s. 23 it is a requirement that the articles be either printed or typewritten and they be divided into paragraphs which shall be consecutively numbered. Under s. 24 it is a requirement that the articles shall be signed by each

subscriber to the memorandum and that the signature must be witnessed by at least one witness.

Section 21 of the Act is as follows

**COMPANIES (PART 3)**

**Division (2)—Articles of Association**

Company  
with share  
capital

**21. (1) Articles of association prescribing regulations for the company,**

- (a) in the case of a company having a share capital and limited by guarantee, shall be registered with the memorandum, and
- (b) in the case of any other company having a share capital, may be registered with the memorandum, and the articles may adopt all or any of the regulations contained in Table A in the First Schedule.

**(2) The regulations contained in Table A in the First Schedule,**

- (a) if articles are not registered, or
- (b) if articles are registered, then in so far as they do not exclude or modify the regulations in Table A, are so far as applicable the regulations of the company in the same manner and to the same extent as if they were contained in duly registered articles.

**(3) Where Table A in the First Schedule is adopted by a private company or becomes the regulations of a private company in whole or in part,**

- (a) Article 3 of Table A has no application in respect of the private company, and
- (b) Article 17 of Table A, if adopted or if applied to a private company, shall be read as if the words "not being fully paid shares" did not occur therein.

[R.S.A. 1970, c. 60, s. 21]

It will be seen that the effect of this section for a company limited by shares is that Table A will be deemed to be the articles of the company unless something else is substituted and in the case of any omission in the substituted article the provision of Table A will apply.

On the basis that a contracting party is entitled to have some clue as to what the nature of his contract is, s. 52 obliges a company to send a copy of its memorandum and

articles to a member who requests one since he may not have been one of the original signators.

A copy of Table A is attached to this paper. Table A is not as permissive as the Act allows, for example, the provisions of articles 27, 28 and 29 do not give to the company all of the powers available to it under sections 36, 37 and 38 of the Companies Act. However, as we shall see later Table A, as the articles of the company, can be amended in the manner provided for in the Act.

Attached to this paper and consisting of a number of pages is a schedule I which contains the provisions of the Act classified under the following four headings:

(1) Compulsory provisions contained in the Act or provisions which apply notwithstanding the provisions of the Articles of Association.

(2) Provisions required in the Articles before a company can do a certain Act.

(3) Permissive provisions

(4) Provisions of the Act which apply unless the Articles provide otherwise.

### III. Alteration of Articles

The Articles of Association of a company may be amended from time to time under the provisions of section 42 of the Act. The only protection given to a minority shareholder is the requirement of a special resolution, no court or other approval is necessary.

**Division (2)—Articles of Association**

Alteration  
of articles

**42.** (1) Subject to the provisions of this Act and to the conditions contained in its memorandum, a company may by special resolution alter or add to its articles, and any alteration or addition so made is as valid as if it were originally contained in the articles, and is subject in like manner to alteration by special resolution.

(2) A copy of every special resolution and of every ordinary resolution to which this section applies and passed by the company under the authority of or affecting the contents of the articles shall, so long as any such resolution is in force, be embodied in or annexed to every copy of the articles issued after the passing of the resolution.

(3) Any company that makes default in embodying in or annexing to a copy of its articles a copy of a resolution required by this section to be so embodied or annexed is guilty of an offence.

(4) This section applies to

- (a) resolutions that have been agreed to by all the members of the company, but that, if not so agreed to, would not have been effective for their purpose unless, they had been passed as special resolutions,
- (b) resolutions or agreements that have been agreed to by all the members of some class of shareholders, but that, if not so agreed to, would not have been effective for their purpose unless they had been passed by some particular majority or otherwise in some particular manner, and
- (c) all resolutions or agreements that effectively bind all members of any class of shareholders, though not agreed to by all those members.

[R.S.A. 1970, c. 60, s. 42]

The provisions of the Act referred to at the start of that section include the definition of a special resolution as contained in the Act, the sections dealing with variation of class rights and outlines the condition at the end of s.38(1) and s. 69(2), and the mechanical provisions regarding filing of the special resolution. None of these however provide for protection for the minority shareholder owning 25% or less of all of the voting shares or the voting shares of a class. The English Courts have almost unwilling edged toward granting some protection to the minority shareholder under the doctrine of a fraud upon the minority by holding that a proposed alteration must be for the benefit of the company as a whole, but this includes

the conflicting interest of shareholders as shareholders who even if they represent a majority are under no fiduciary relationship to the remaining shareholders.

Under this doctrine some aspects are reasonably clear. Thus an amendment to the articles which will have the effect of expropriating a member's shares has been held to be bad in two cases, Browne v. British Abrasive Wheel Company (1919) 1 Ch.D. 290 in which the proposed amendment would empower the holders of 90% of the voting shares to acquire the remaining 10% at their pleasure, and Dafen Tin Plate Company Limited v. Llanelly Steel Limited (1920) 2 Ch.D. 124 in which the proposed amendment would enable the members to compel a member to sell his shares to the remaining members but exempted one member from the effect of the amendment, were both held to be bad and the plaintiffs in each case were entitled to an injunction restraining the company from passing the proposed amending resolution. In even such an obvious case, however, a resolution which had the effect of compelling a member to sell his shares was held to be good in the case of Sidebotham v. Kershaw Lees and Company (1921) 1 Ch.D. 124 where the amendment empowered the directors to require a member who carried on a competing business to sell his shares at a fair price to persons nominated by the directors. The resolution was held to be good upon the basis that it effected all of the shareholders equally and that it was in the best interest of the company as a whole.

As an example the unwillingness of the English Courts to interfere with the vote of the majority, we have the case of Greenhalgh v. Arderne Cinema Ltd. (1952) ALL.E.R. In this case a group of shareholders of a private company who held a majority sufficient to pass a special resolution, wished to sell their shares to a stranger. Bad blood had developed between this group and a minority shareholder who refused to waive a pre-emptive right given under the articles

of association. The majority passed a special resolution altering the articles to enable a shareholder to sell to a stranger with the approval by way of an ordinary resolution of the company, the effect of which was to enable the majority to sell at their pleasure, but block the minority shareholder from selling other than subject to the pre-emptive right. In reasoning which I am unable to follow the court held that the resolution effected all of the shareholders of the class equally which is certainly a theoretical as opposed to a practical concept. However the court also held the shareholder can vote in his own interest and so long as the resolution affects all of the shareholders the majority will probably be un-saleable. Without going into a somewhat complex fact of a later case, namely Rights and Issues Investment Trust Ltd. v. Stylo Shoes Ltd. (1965) Ch.D. 250, the amending resolution was held to be good because it affected the entire class of the shareholders and the control situation had not changed. Given these two aspects, namely that the entire class of the shareholders had been affected by the resolution and that this is not a maneuver by which the directors who are shareholders are attempting to gain or retain control, and providing that a majority are not attempting to expropriate a portion of the assets of the company or the minority shareholders' shares, it would seem there is little protection in English law for the minority shareholder against an amendment to the articles which will substantively affect his rights or the value of his shares.

#### IV. B.C. Act

Attached to this paper is Schedule II which is similar to Schedule I and contains the various provisions in the Act regarding articles of association under the same four headings. A brief perusal of these will reveal



that except where the Act differs and makes certain things compulsory which are not compulsory under the Alberta Act, that the schedule is very much the same. Copies of the existing Table A in each of the Acts are attached although the Table A in Alberta contains amendments only up to June 6, 1974.

#### V. Problems and Recommendations

(1) In jurisdictions which still retain the grant of letters patent method of incorporation, the bylaws are not required to be filed. In both the Ontario Business Corporations Act and the new Canada Corporations Act the bylaws are not required to be filed but it will be noted that the "articles of association" contain more information than is required under either the B.C. Act or the Alberta Act. Our first decision therefore is whether the Articles of Association should be filed with the memorandum of association upon incorporation of a company. It does provide an administrative problem in that it represents a mass of documents which must be stored and kept by the Registrar of Companies. However the Registrar seems to have been able to cope with it up to date and there is no reason to believe that he will not be able to do so in future. Company House in London, according to Mr. Richard Wesley, its director, presently has approximately 645 thousand active companies the vast majority of which have been incorporated by filing the memorandum and articles. The problems of providing searches and the physical handling of up to 5,000 files a day, have been difficult, but not insurmountable. They are presently planning and devising a micro-fish system which they hope will relieve some of these problems. It was certainly the feeling of the one day meeting of the Canada Corporations Act in Calgary that it was convenient to have the articles of association available to be searched at will. It does of course provide a permanent record in case of fire or destruction of the companies set

of articles. In addition the passing bar is used to the method of incorporation by filing both and I can see no real advantage of changing this other than a slight easing of the problems of the Registrar of Companies in the bulk of material which he must handle.

(2) Should we continue to provide a Table A? It is my recommendation that we should for the following reasons:

(a) It does provide a basic set of articles for those members of the public who wish to incorporate without the assistance of a lawyer

(b) Under the provisions of s.21(2)(b) Table A may well fill in gaps which have been admitted through inadvertents in otherwise prepared articles

(c) Table A provides at least a frame work of the points which should be covered in the articles of association. It is curious to note that neither the Table A of British Columbia or Alberta makes any provisions for the officers of the company. The British Columbia Act provides that every company must have a president and a secretary as a minimum (in the case of a one man company there is an exception that both offices may be filled by the one person) but the British Columbia Table A contains no provisions whatsoever regarding the appointment of officers. I have noticed that in printed sets of articles that I have seen, which follow Table A, the same omission.

(3) Of the sections listed in Schedule I roman numeral II, namely the Provisions Required in The Articles of Association Before a Company can do a certain Act, it is my recommendation that all of these be provided for in the statute rather than making them depend on a provision in the articles, with the exception of 67(a), 67(b) and 90(b) which will depend upon our decision regarding issuance of shares before they are fully paid, and 72(1) which depend upon our decision whether to permit share warrants as provided for in the existing Act.

(4) The compulsory provisions as listed in number 1 of Schedule I should be retained with the exception of the following: 62(1) this could be covered in the Act; 136(2) should be changed that a poll vote may be demanded by anyone entitled to a vote whether the right to vote is given by the articles or memorandum.

(5) I can see no great problem with the Permissive Provisions in number III of Schedule I.

(6) Of the provisions of the Act which apply unless the articles provide otherwise as set out in number IV of Schedule I, it is my recommendation that:

76(1) This become a permissive provision to be set out in the articles with a provision in the Act that is not necessary for a director to have a qualifying share but the articles could provide otherwise

78(4) This I feel will be dealt with by Mr. Pepler in his paper on Directors but generally I think his feeling will be that the duties, restrictions, obligations and prohibitions of a director should be set out in the Act and should not be subject to

provisions in the articles.

109(1) Should be retained

135 I would prefer to leave this until we have had a third discussion of shareholders and their rights.

(7) Under the present system incorporators must sign the articles of association and their signature must be witnessed. I can see no need to retain the provision regarding the witness and it may work a hardship on one man practioners who are practising in the country since often the lawyer and his secretary will be the incorporators they will have to haul someone off the street to be the witness. If the witness is to be retained then I think the witness should swear an affidavit of execution similar to the affidavit of execution required under the Land Titles Act.

(8) The crucial problem it seems to me rises in the area of amendment of articles and in an overlap between provisions which may be contained in either the articles or memorandum. For discussion purposes and subject to the committee I would suggest that the following be compulsory items in the memorandum of association which could not be changed without a special resolution and in some cases approval of the court or whatever tribunal we pick, indicated by the words "court approval"

(a) the name of the company

(b) the type of company which is being incorporated that is private, public or whatever classification we have

(c) complete details of share capitalization including the rights, privileges and restrictions

attached to any class of shares (court approval required on reduction of capital or variation of shareholder's rights)

(d) any restriction on the business with the corporation may carry on

(e) any restriction on the right to transfer shares

(f) any pre-emptive rights amongst the shareholders (if we do decide to give such a right)

(g) the number of directors or the minimum and maximum number of directors

V. Canada Corporations Act and Ontario Business Corporations Act

Both these Acts replace Acts in which the method of incorporation was by grants of letters patent. Under the former Federal and Ontario Acts it was never a requirement to file the by-laws of a company which roughly correspond to our Articles and there is no such requirement in either of the two new Acts.

Under the Canada Act a prescribed form (Form No. 1) is used for the Articles of Incorporation. This form provides basis to comply with s. 6 of the Act and the following must be completed before registration:

- (1) The name of the company.
- (2) The place within Canada where the Registrar Office is to be situated.
- (3) Complete details of share capitalization including the rights, privileges and restrictions attached to any class of shares.
- (4) Any restriction on the right to transfer shares.
- (5) The number of directors or a maximum or minimum number.
- (6) Any restriction on the business that the corporation may carry on.

In addition the Articles MAY set out any provision permitted by the Act or by law to be set out in the by-law or in an unanimous shareholder agreement.

The Articles of Incorporation are to be accompanied by a notice of registered office in the prescribed form and a notice of directors in the prescribed form. Just why this is so must be for administrative purposes only since the form required for the Articles of Incorporation gives all of this information. It therefore seems an unnecessary duplication of paper work.

Although not specifically provided for in s. 6, Form 1 does provide a place for the names of the incorporators.

The Ontario Act is very similar and in addition to the matters required under s. 6 of the Canada Act requires the following:

(1) The objects for which the company is incorporated (s. 4(2)(ii)).

(2) The names and addresses of the directors.

(3) The class and number of shares taken by each incorporator and the amount to be paid therefor

(4) the names in full and residence address of each of the incorporators.

(5) Any other matter required by the Act to be set out in the Articles, but so far I have not been able to find one.

In addition the Articles may set out in a provision that is authorized by the Act to be set out on the Articles or that could be the subject of a by-law under incorporation. Where the Articles name as a first director a person who is not an incorporator his consent to act as Director must accompany the Articles.

The Articles of Incorporation must be accompanied by an affidavit verifying the signature and age of each of the incorporators.

Neither Act contains a section similar to the Alberta section 26(2) which permits the Registrar to demand changes after the Certificate of Incorporation has been issued. Each of these two Acts have adopted a different procedure. Under the Ontario Business Corporations Act the Minister may refuse to file the Articles submitted to him but must give written notice to the person who delivered them specifying the reasons for refusal and if he has not done so within six months he has deemed to have refused. His decision may be appealed. The provisions in the Canada Act are much similar except that the period is 20 days not 6 months. It must be remembered of course that the "Articles of Incorporation" referred to in both Acts contain the provisions that we would normally see in the memorandum of Association rather than the Articles of Association, and neither therefore contains any right in the Registrar to deal with the by-laws of a company.



BRITISH COLUMBIA

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SCHEDULES

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FIRST SCHEDULE

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TABLE A  
(Section 8)

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ARTICLES

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(Name of Company)

*Part 1.—Interpretation*

- 1.1 In these articles, unless the context otherwise requires,
- (a) "directors" means the directors of the Company for the time being;
  - (b) "*Companies Act*" means the *Companies Act* of the Province of British Columbia from time to time in force and all amendments thereto;
  - (c) "register" means the register of members to be kept pursuant to the *Companies Act*;

COMPANIES  
(Replacing chapter 67, R.S.B.C. 1960)

CHAP. 18

(d) "registered address" of a member means his address as recorded in the register;

(e) "registered address" of a director means his address as recorded in the Company's register of directors to be kept pursuant to the *Companies Act*.

1.2 Words importing the singular include the plural and vice versa; and words importing a male person include a female person and a corporation.

1.3 The definitions in the *Companies Act* on the date these articles become effective shall, with the necessary changes and so far as are applicable, apply to these articles.

*Part 2.—Shares*

2.1 Before allotting any shares the directors shall first offer those shares pro rata to the members; but if there are classes of shares, the directors shall first offer the shares to be allotted pro rata to the members holding shares of the class proposed to be allotted, and if any shares remain, the directors shall then offer the remaining shares pro rata to the other members. The offer shall be made by notice specifying the number of shares offered and limiting a time for acceptance. After the expiration of the time for acceptance or on receipt of written confirmation from the person to whom the offer is made that he declines to accept the offer, and if there are no other members holding shares who should first receive an offer, the directors may for three months thereafter offer the shares to such persons and in such manner as they think most beneficial to the Company; but the offer to those persons shall not be at a price less than or on terms more favourable than the offer to the members.

2.2 Every share certificate issued by the Company shall be in such form as the directors approve and shall comply with the *Companies Act*.

2.3 If any share certificate is worn out or defaced, then, upon production of that certificate to the directors, they may order the same to be cancelled and may issue a new certificate in place of that certificate; and if any share certificate is lost or destroyed, then, upon proof of the loss or destruction to the satisfaction of the directors, upon paying the Company the fee prescribed in Article 18.1, and upon giving such indemnity as the directors deem adequate, a new certificate in place of the lost or destroyed certificate shall be issued to the party entitled to it.

2.4 A share certificate registered in the names of two or more persons shall be delivered to the person first named on the register.

*Part 3.—Transfer of Shares*

3.1 The instrument of transfer of any share shall be in writing in the following form or in any usual or common form or any other form that the directors may approve:

I/we, \_\_\_\_\_, in consideration of \$ \_\_\_\_\_ paid to me/us by  
of \_\_\_\_\_ (the "transferee"), hereby transfer to the transferee [num-  
ber and class, if any] shares in [name of Company] to hold unto the  
transferee, his executors, administrators, and assigns, subject to the several  
conditions on which I/we held the same at the time of the execution of  
this assignment; and the transferee, by acceptance of this assignment,  
agrees to take those shares subject to those conditions.

Signed the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_.

[Signature of transferor(s)]

Witness to the signature of the transferor(s):

If the directors so require, each instrument of transfer shall be in respect of only one class of shares.

3.2 Every instrument of transfer shall be executed by the transferor and left at the registered office of the Company or of its transfer agent or registrar for registration, together with the share certificate for the shares to be transferred and such other evidence, if any, as the directors or the transfer agent or registrar may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer which are registered shall be retained by the Company or its transfer agent or registrar, but any instrument of transfer that the directors decline to register shall be returned to the person depositing the same, together with the share certificate which accompanied the same when tendered for registration. The transferor shall remain the holder of the share until the name of the transferee is entered on the register in respect of that share.

3.3 The signature of the registered owner of any shares or of his duly authorized attorney upon the form of transfer constitutes an authority to the Company to register the shares specified in the form of transfer in the name of the person named in that form as transferee or, if no person is so named, then in any name designated in writing by the person depositing the share certificate and the form of transfer with the Company or its agents.

3.4 Neither the Company nor any director, officer, or agent is bound to inquire into the title of the transferee of those shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.

#### *Part 4.—Transmission of Shares*

4.1 In the case of the death of a member the legal personal representative of the deceased shall be the only person recognized by the Company as having any title to or interest in the shares registered in the name of the deceased. Before recognizing any legal personal representative, the directors may require him to take out a grant of probate or letters of administration in British Columbia.

4.2 Any person who becomes entitled to a share as a result of the death or bankruptcy of any member upon producing the evidence required by section 61 of the *Companies Act*, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, upon producing such evidence as the directors think sufficient that he is so entitled, may be registered as holder of the share or may transfer the share.

#### *Part 5.—Alteration of Capital and Shares*

5.1 Except as otherwise provided by conditions imposed at the time of creation of any new shares or by these articles, any addition to the authorized capital resulting from the creation of new shares shall be subject to the provisions of these articles.

#### *Part 6.—Borrowing Powers*

6.1 The directors may from time to time at their discretion authorize the Company to borrow any sum of money for the purposes of the Company and may raise or secure the repayment of that sum in such manner and upon such terms and conditions, in all respects, as they think fit, and in particular, and without limiting the generality of the foregoing, by the issue of bonds or debentures, or any mortgage or charge, whether specific or floating, or other security on the undertaking or the whole or any part of the property of the Company, both present and future.

6.2 The directors may make any debentures, bonds, or other debt obligations issued by the Company, by their terms, assignable free from any equities between the Company and the person to whom they may be issued, or any other person who lawfully acquires the same by assignment, purchase, or otherwise, howsoever.

6.3 The directors may authorize the issue of any debentures, bonds, or other debt obligations of the Company at a discount, premium or otherwise, and with special or other rights or privileges as to redemption, surrender, drawings, allotment of, or conversion into shares, attending at general meetings of the Company, and otherwise as the directors may determine at or before the time of issue.

*Part 7.—General Meetings*

7.1 The general meetings of the Company shall be held at such time and place, in accordance with the *Companies Act*, as the directors appoint.

7.2 Every general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

7.3 The directors may, whenever they think fit, convene an extraordinary general meeting.

7.4 Notice of a general meeting shall specify the place, the day, and the hour of meeting, and, in case of special business, the general nature of that business. The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, any of the members entitled to receive notice shall not invalidate any proceedings at that meeting.

7.5 If any special business includes the presenting, considering, approving, ratifying, or authorizing the execution of any document, then the portion of any notice relating to that document is sufficient if it states that copy of the document or proposed document is or will be available for inspection by members at an office of the Company in the Province of British Columbia or at one or more designated places in the Province during business hours on any specified or unspecified working-day or days prior to the date of the meeting and at the meeting.

*Part 8.—Proceedings at General Meetings*

8.1 The following business at a general meeting shall be deemed to be special business:

- (a) All business at an extraordinary general meeting:
- (b) All business that is transacted at an annual general meeting, with the exception of the consideration of the financial statement and the report of the directors and auditors, the election of directors, the appointment of the auditors and such other business as, under these articles, ought to be transacted at an annual general meeting, or any business which is brought under consideration by the report of the directors issued with the notice convening the meeting.

8.2 No business, other than the election of a chairman and the adjournment or termination of the meeting, shall be conducted at any general meeting at any time when a quorum is not present. If at any time during a general meeting there ceases to be a quorum present, any business then in progress shall be suspended until there is a quorum present or until the meeting is adjourned or terminated, as the case may be.

8.3 If within a half an hour from the time appointed for a general meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be terminated; but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place, and if, at the adjourned meeting, a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

8.4 Subject to Article 8.5, the president of the Company, or in his absence, one of the directors present, shall preside as chairman of every general meeting.

8.5 If at any general meeting there is no president or director present within fifteen minutes after the time appointed for holding the meeting or if the president and all the directors present are unwilling to act as chairman, the members present shall choose some one of their number to be chairman.

8.6 The chairman of a general meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. Except as aforesaid, it is not necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.

8.7 No resolution proposed at a meeting need be seconded, and the chairman of any meeting is entitled to move or propose a resolution.

8.8 In case of an equality of votes the chairman shall not, either on a show of hands or on a poll, have a casting or second vote in addition to the vote or votes to which he may be entitled as a member.

8.9 In the case of any dispute as to the admission or rejection of a vote, the chairman shall determine the same, and his determination made in good faith is final and conclusive.

8.10 A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

8.11 Subject to the provisions of Article 8.12, if a poll is duly demanded, it shall be taken in such manner and at such time, within seven days after the date of the meeting, and place as the chairman of the meeting directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded. A demand for a poll may be withdrawn.

8.12 A poll demanded on a question of adjournment shall be taken at the meeting without adjournment.

8.13 The demand for a poll shall not, unless the chairman so rules, prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

#### *Part 9.—Votes of Members*

9.1 Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person has one vote, and on a poll every member, present in person or by proxy, has one vote for each share he holds.

9.2 Any person who is not registered as a member, but is entitled to vote at any general meeting in respect of a share, may vote the share in the same manner as if he were a member; but, unless the directors have previously admitted his right to vote at that meeting in respect of the share, he shall satisfy the directors of his right to vote the share before the time for holding the meeting, or adjourned meeting, as the case may be, at which he proposes to vote.

9.3 Where there are joint members registered in respect of any share, any one of the joint members may vote at any meeting, either personally or by proxy, in respect of the share as if he were solely entitled to it. If more than one of the joint members is present at any meeting, personally or by proxy, the joint member present whose name stands first on the register in respect of the share shall alone be entitled to vote in respect of that share. Several executors or administrators of a deceased member in whose sole name any share stands shall, for the purpose of this article, be deemed joint members.

9.4 Subject to section 182 of the *Companies Act*, a corporation which is a member may vote by its duly authorized representative who is entitled to speak and vote either in person or by proxy, and in all other respects exercise the rights of a member, and that representative shall be reckoned as a member for all purposes in connection with any meeting of the Company.

9.5 A member for whom a committee has been duly appointed may vote, whether on a show of hands or on a poll, by his committee, and that committee may appoint a proxyholder.

9.6 Unless the directors otherwise determine, the instrument appointing a proxyholder and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at a place specified for that purpose in the notice convening the meeting not less than forty-eight hours before the time for holding the meeting at which the proxyholder proposes to vote, or shall be deposited with the chairman of the meeting prior to the commencement of the meeting.

9.7 A vote given in accordance with the terms of an instrument of proxy is valid notwithstanding the previous death or incapability of the member or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided no intimation in writing of the death, incapability, revocation, or transfer has been received at the registered office of the Company or by the chairman of the meeting or adjourned meeting before the vote is given.

9.8 Unless, in the circumstances, the *Companies Act* requires any other form of proxy, an instrument appointing a proxyholder, whether for a specified meeting or otherwise, shall be in the form following, or in any other form that the directors shall approve:

[Name of Company]

The undersigned hereby appoints \_\_\_\_\_, of \_\_\_\_\_ (or failing him \_\_\_\_\_, of \_\_\_\_\_), as proxy for the undersigned to attend at and vote for and on behalf of the undersigned at the general meeting of the Company to be held on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and at any adjournment of that meeting.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

[Signature of member]

*Part 10.—Directors*

10.1 The directors may exercise all such powers and do all such acts and things as the Company may exercise and do, and which are not by these articles or by statute or otherwise lawfully directed or required to be exercised or done by the Company in general meeting, but subject, nevertheless, to the provisions of all laws affecting the Company and of these articles and to any rules, not being inconsistent with these articles, which are made from time to time by the Company

in general meeting; but no rule, made by the Company in general meeting, shall invalidate any prior act of the directors that would have been valid if that rule had not been made.

10.2 The number of directors shall be three, unless otherwise determined by ordinary resolution.

10.3 A director is not required to have any share qualification.

#### *Part 11.—Retirement and Election of Directors*

11.1 At the first annual general meeting, and at every succeeding annual general meeting, all the directors shall retire from office, but are eligible for re-election. At every annual general meeting the members shall fill up the vacated offices by electing a like number of directors and, whenever the number of retiring directors is less than the maximum number for the time being required by or determined pursuant to Article 10.2, they may also elect such further number of directors, if any, as the Company then determines, but the total number of directors elected shall not exceed that maximum.

11.2 If, at any general meeting at which an election of directors ought to take place, the places of the retiring directors are not filled up, such of the retiring directors as may be requested by the newly elected directors shall, if willing, continue in office until further new directors are elected either at an extraordinary general meeting specially convened for that purpose or at the annual general meeting in the next or some subsequent year, unless it is determined to reduce the number of directors.

11.3 If the Company removes any director before the expiration of his period of office and appoints another person in his stead, the person so appointed shall hold office only during such time as the director in whose place he is appointed would have held the office if he had not been removed.

11.4 The directors have power at any time and from time to time to appoint any person as a director to fill a casual vacancy in the directors. Any director so appointed holds office only until the conclusion of the next following annual general meeting of the Company, but is eligible for re-election at that meeting.

#### *Part 12.—Proceedings of Directors*

12.1 The directors may meet together at such places as they think fit for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, as they see fit. The directors may from time to time fix the quorum necessary for the transaction of business and unless so fixed the quorum shall be a majority of the directors then in office. The president of the Company shall be chairman of all meetings of the directors; but if at any meeting the president is not present within thirty minutes after the time appointed for holding the meeting, the directors present may choose some one of their number to be chairman at that meeting. A director may at any time, and the secretary, upon the request of a director, shall convene a meeting of the directors.

12.2 The directors, or any committee of directors, may take any action required or permitted to be taken by them and may exercise all or any of the authorities, powers, and discretions for the time being vested in or exercisable by them by resolution either passed at a meeting at which a quorum is present or consented to in writing under section 148 of the *Companies Act*.

12.3 The directors may delegate any, but not all, of their powers to committees consisting of such director or directors as they think fit. Any committee so formed

in the exercise of the powers so delegated shall conform to any rules that may from time to time be imposed on it by the directors, and shall report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held next after it has been done.

12.4 A committee may elect a chairman of its meetings; if no chairman is elected, or if at any meeting the chairman is not present within thirty minutes after the time appointed for holding the meeting, the directors present who are members of the committee may choose one of their number to be chairman of the meeting.

12.5 The members of a committee may meet and adjourn as they think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the chairman shall have a second or casting vote.

12.6 For the first meeting of the directors to be held immediately following the appointment or election of a director or directors at an annual or other general meeting of shareholders, or for a meeting of the directors at which a director is appointed to fill a vacancy in the directors, it is not necessary to give notice of the meeting to the newly elected or appointed director or directors for the meeting to be duly constituted, provided that a quorum of the directors is present.

12.7 Any director of the Company who may be absent temporarily from the Province of British Columbia may file, at the registered office of the Company, a waiver of notice which may be by letter, telegram, telex, or cable, of any meeting of the directors and may, at any time, withdraw the waiver, and until the waiver is withdrawn, no notice of meetings of directors shall be sent to that director; and any and all meetings of the directors of the Company, notice of which has not been given to that director, shall, provided a quorum of the directors is present, be valid and effective.

12.8 Questions arising at any meeting of the directors shall be decided by a majority of votes. In case of an equality of votes the chairman has a second or casting vote.

12.9 No resolution proposed at a meeting of directors need be seconded, and the chairman of any meeting is entitled to move or propose a resolution.

#### *Part 13.—Officers*

13.1 All appointments of officers shall be made at such remuneration, whether by way of salary, fee, commission, participation in profits, or otherwise as the directors think fit.

#### *Part 14.—Execution of Instruments*

14.1 The directors may provide a common seal for the Company and for its use and they shall have power from time to time to destroy the same and substitute a new seal in place of the seal destroyed.

14.2 Subject to the provisions of the *Companies Act*, the directors may provide for use in any other province, state, territory, or country an official seal, which shall be a facsimile of the common seal of the Company, with the addition on its face of the name of the province, state, territory, or country where it is to be used.

#### *Part 15.—Dividends*

15.1 The directors may declare dividends and fix the date of record therefor and the date for payment thereof.



15.2 Subject to the terms of shares with special rights or restrictions, all dividends shall be declared according to the number of shares held.

15.3 Dividends may be declared to be payable out of the profits of the Company. No dividend shall bear interest against the Company.

15.4 A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of paid-up shares, bonds, debentures, or other debt obligations of the Company, or in any one or more of those ways, and, where any difficulty arises in regard to the distribution, the directors may settle the same as they think expedient, and in particular may fix the value for distribution of specific assets, and may determine that cash payments shall be made to a member upon the basis of the value so fixed in place of fractional shares, bonds, debentures, or other debt obligations in order to adjust the rights of all parties, and may vest any of those specific assets in trustees upon such trusts for the persons entitled as may seem expedient to the directors.

15.5 Any dividend or other moneys payable in cash in respect of a share may be paid by cheque sent through the post to the member in a prepaid letter, envelope, or wrapper addressed to the member at his registered address, or in the case of joint members, to the registered address of the joint member who is the first named on the register, or to such person and to such address as the member or joint members, as the case may be, in writing direct. Any one of two or more joint members may give effectual receipts for any dividend or other moneys payable or assets distributable in respect of a share held by them.

15.6 No notice of the declaration of a dividend need be given to any member.

15.7 The directors may, before declaring any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending that application may, at the like discretion, either be employed in the business of the Company or be invested in such investments, other than shares of the Company, as the directors may from time to time think fit.

#### *Part 16.—Accounts*

16.1 The directors shall cause records and books of accounts to be kept as necessary to record properly the financial affairs and conditions of the Company and to comply with the provisions of statutes applicable to the Company.

#### *Part 17.—Notices*

17.1 A notice may be given to any member or director, either personally or by sending it by post to him in a prepaid letter, envelope, or wrapper addressed to the member or director at his registered address.

17.2 A notice may be given by the Company to joint members in respect of a share registered in their names by giving the notice to the joint member first named in the register of members in respect of that share.

17.3 A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter, envelope, or wrapper addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the persons claiming to be so entitled, or, until that address has been so supplied, by giving

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the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

17.4 Any notice or document sent by post to, or left at, the registered address of, any member, shall, notwithstanding that member is then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by that deceased member, until some other person is registered in his stead as the member or joint member in respect of those shares, and that service shall for all purposes of these articles be deemed a sufficient service of such notice or document on his personal representatives and all persons, if any, jointly interested with him in those shares.

17.5 Any notice sent by post shall be deemed to have been served on the second day following that on which the letter, envelope, or wrapper containing the same is posted, and in proving service it is sufficient to prove that the letter, envelope, or wrapper containing the notice was properly addressed and put in a Canadian Government post office, postage prepaid.

17.6 Notice of every general meeting shall be given in any manner hereinbefore authorized to

- (a) every member holding a share or shares carrying the right to vote at such meetings on the record date or, if no record date was established by the directors, on the date of the meeting;
- (b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person is entitled to receive notices of general meetings.

*Part 18.—Fees*

18.1 The Company shall charge the following fees:

- (a) To issue a new certificate in exchange for a defaced or worn out certificate or to replace a lost or destroyed certificate under section 52 of the *Companies Act*, per new certificate \_\_\_\_\_ \$1
- (b) To issue new certificates in exchange for an existing certificate under section 48 of the *Companies Act*, per new certificate \_\_\_\_\_ \$1

1973, c. 18, Sch.

ALBERTA

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SCHEDULES

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FIRST SCHEDULE

TABLE A

ARTICLES OF ASSOCIATION OF ....., LIMITED.

1. In these regulations, unless the context otherwise requires, expressions defined in *The Companies Act*, or any statutory modification thereof in force at the date at which these regulations become binding on the Company, shall have the meanings so defined.

2. In these regulations, unless the context otherwise requires words importing the singular shall include the plural, and vice versa, and words importing the masculine gender shall include females, and words importing persons shall include bodies corporate.

*Shares*

3. No share shall be offered to the public for subscription except upon the terms that the amount payable on application shall be at least 5 per cent of the nominal amount or par value of the share, or, in the case of a share without nominal or par value, of the price of the share; and the directors shall, as regards any allotment of shares, duly comply with such of the provisions of *The Companies Act* as may be applicable thereto.

4. Every member shall, without payment, be entitled to a certificate signed by the secretary and one other officer of the Company containing the statements required by *The Companies Act*; provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one or several joint holders shall be sufficient delivery to all.

5. If a share certificate is defaced, lost, or destroyed, it may be renewed on payment of such fee, if any, not exceeding 50 cents, and on such terms, if any, as to evidence and indemnity as the directors think fit.

6. No part of the funds of the Company shall be employed in the purchase of, or in loans upon the security of, the Company's shares.

*Lien*

7. The Company shall have a lien on every share (not being a fully paid share) for all moneys (whether presently

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payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

8. The Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled by reason of his death or bankruptcy to the share.

9. The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares, and he shall not be bound to see to the application of the purchase-money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

### *Calls on Shares*

10. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares: Provided that no call shall exceed one-fourth of the nominal amount of the share, or, in the case of a share without nominal or par value, of the price at which the share is issued, or be payable at less than one month from the last call; and each member shall (subject to receiving at least 14 days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares.

11. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

12. If a call or instalment of a call is not paid before or on the day appointed for payment thereof, the person from whom the call is due shall pay interest thereon at the rate of 8 per cent per annum from the day appointed for the payment thereof to the time of the actual payment, but the directors shall be at liberty to waive payment of that interest wholly or in part.

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13. The directors may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment.

14. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of an ordinary resolution, whether previous notice thereof has been given or not, 6 per cent) as may be agreed upon between the member paying such moneys in advance and the directors.

### *Transfer and Transmission of Shares*

15. The instrument of transfer of any shares in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

16. Shares in the Company shall be transferred in the following form, or in any usual or common form which the directors shall approve:

I, A.B., of....., in consideration of the sum of \$..... paid to me by C.D., of..... (hereinafter called the "said transferee"), do hereby transfer to the said transferee the share [or shares] numbered..... in the undertaking called the..... Company, Limited, to hold unto the said transferee, his executors, administrators, and assigns, subject to the several conditions on which I held the same at the time of the execution hereof; and I, the said transferee, do hereby agree to take the said share [or shares] subject to the conditions aforesaid.

As witness our hands the..... day of.....

Witness to the signatures of, etc.

17. The directors may decline to register any transfer of shares, not being fully paid shares, to a person of whom they do not approve, and may also decline to register any transfer of shares on which the Company has a lien. The directors may also suspend the registration of transfers during the 14 days immediately preceding the ordinary general meeting in each year. The directors may decline to recognize any instrument of transfer unless

(a) a fee not exceeding 50 cents is paid to the Company in respect thereof, and

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

18. The executors or administrators of a deceased sole holder of a share shall be the only persons recognized by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor, or the executors or administrators of the deceased survivor, shall be the only persons recognized by the Company as having any title to the share.

19. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such evidence being produced as may from time to time be required by the directors, have the right either to be registered as a member in respect of the share, or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

20. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

#### *Forfeiture of Shares*

21. If a member fails to pay any call or instalment of a call on the day appointed for the payment thereof, the directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

22. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

23. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before

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the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

24. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

25. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares.

26. A statutory declaration in writing that the declarant is a director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive proof of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration, and the receipt of the Company for the consideration, if any, given for the share on the sale or disposition thereof, shall constitute a good title to the share, and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase-money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share.

### *Alteration of Capital and Shares*

27. The company may by special resolution alter the conditions of its memorandum so as to increase its authorized share capital

- (a) by the creation of such number of new shares of such amount, or
- (b) by the creation of such number of new shares without nominal or par value if the Company is authorized to issue such shares,

as the special resolution shall prescribe.

28. All new shares shall, before issue, be offered to such persons, if any, as the resolution may direct. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the Company. The directors may likewise so dispose of any new shares which, by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares, cannot, in the opinion of the directors, be conveniently offered under this article.

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29. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, and otherwise as the existing shares in the Company.

### *General Meetings*

30. The first annual general meeting shall be held within 16 months from the date on which the Company is entitled to commence business, and thereafter an annual general meeting shall be held once in every calendar year at such time, not being more than 16 months after the holding of the last preceding annual general meeting, and place as may be prescribed by the Company in general meeting, or, in default, at such time in the month following that in which the anniversary of the Company's last annual general meeting occurs, and at such place as the directors shall appoint. In default of the meeting being so held, the meeting shall be held in the month next following, and may be convened by any two members in the same manner as nearly as possible as that in which meetings are to be convened by the directors.

31. The annual general meetings shall be called ordinary meetings; all other general meetings shall be called extraordinary.

32. The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by *The Companies Act*. If at any time there are not within the Province sufficient directors capable of acting to form a quorum, any director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

### *Proceedings at General Meeting*

33. Seven days' notice at the least, exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given, specifying the place, the day, and the hour of meeting, and, in case of special business, the general nature of that business, shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by ordinary resolution, whether previous notice thereof has been given or not, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company; but the non-receipt of the notice by any member shall not invalidate the proceedings of any general meeting.



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34. All business shall be deemed special that is transacted at an extraordinary meeting and all that is transacted at an ordinary meeting, with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and the ordinary report of the directors and auditors, the election of directors and other officers, and the fixing of the remuneration of the auditors.

35. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, a quorum shall be members personally present, not being less than two in number, and holding or representing by proxy not less than one-tenth of the issued capital of the Company.

36. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

37. The president or, in his absence, the vice-president, if any, of the Company shall preside as chairman at every general meeting of the Company.

38. If there is no president or vice-president, or if at any meeting the president or vice-president is not present within 15 minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the members present shall choose some one of their number to be chairman.

39. The chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 10 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

40. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by at least one member entitled to vote, and, unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of

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hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive proof of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

41. If a poll is duly demanded it shall be taken within 24 hours and in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

42. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

43. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

### *Votes of Members*

44. On a show of hands every member present in person shall have one vote. On a poll every member shall have one vote for each share of which he is the holder.

45. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

46. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other person in the nature of a committee or curator bonis appointed by that court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.

47. No member shall be entitled to vote at any general meeting unless all calls presently payable by him in respect of shares in the Company have been paid.

48. On a poll votes may be given either personally or by proxy.

49. The proxy appointing a nominee shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under the common seal or under the hand of an officer or attorney so authorized.

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50. The proxy appointing a nominee and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited with the company, or an agent thereof, within the period of time preceding any meeting or adjourned meeting fixed by the directors and not exceeding 48 hours, excluding Saturdays and holidays, and which is specified in the notice calling the meeting or in the information circular relating thereto.

51. Repealed 1972, c. 21, s. 14.

### *Directors*

52. Until otherwise determined by a general meeting, the number of the directors shall not be less than two nor more than seven, and the number and names of the first directors may be determined in writing by a majority of the subscribers of the memorandum of association, and until so determined the subscribers of the memorandum shall for all purposes be deemed to be the directors of the Company.

53. The remuneration of the directors shall from time to time be determined by ordinary resolution, whether previous notice thereof has been given or not.

54. The qualification of a director shall be the holding of at least one share in the Company, and it shall be his duty to comply with the provisions of *The Companies Act*.

### *Powers and Duties of Directors*

55. The business of the Company shall be managed by the directors, who may pay all expenses incurred in getting up and registering the Company, and may exercise all such powers of the Company as are not, by *The Companies Act*, or any statutory modification thereof for the time being in force, or by these articles, required to be exercised by the Company in general meeting, subject nevertheless to any regulation of these articles, to the provisions of the said Act, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by ordinary resolution, whether previous notice thereof has been given or not; but no regulations made by ordinary resolution shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

56. The directors may from time to time appoint one or more of their body to the office of managing director or manager or any other office for such term and at such remuneration, whether by way of salary, fee, commission, participation in profits, or otherwise, as they may think fit; but his appointment shall be subject to determination at the pleasure of the directors.

## COMPANIES

57. The amount for the time being remaining undischarged of moneys borrowed or raised by the directors for the purposes of the Company, otherwise than by the issue of capital, shall not at any time exceed the paid-up capital of the Company without the sanction of an ordinary resolution.

58. The management and directors shall duly comply with the provision of *The Companies Act*, or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the registration of mortgages and to keeping registers of directors and members and to mailing of forms of proxy and information circulars, and to filing with the Registrar an annual report, and copies of special and other resolutions, and of any change in the registered office or of directors.

59. The directors shall cause minutes to be made in books provided for the purpose,

- (a) of all appointments of officers made by the directors,
- (b) of the names of the directors present at each meeting of the directors and of any committee of the directors,
- (c) of all resolutions and proceedings at all meetings of the Company, and of the directors, and of committees of directors.

### *The Seal*

60. The seal of the Company shall not be affixed to any instrument, except by authority of a resolution of the board of directors or of an ordinary resolution, whether previous notice thereof has been given or not, and in the presence of such officers of the Company as may be prescribed in and by any such resolution, or, if no officers are prescribed by the resolution, in the presence of (a) two directors of the Company and the secretary, or (b) the chairman of the directors or the president, if any, of the Company and the secretary, or (c) the chairman of the directors or the president, if any, of the Company and the treasurer; and such officers shall sign every instrument to which the seal of the Company is so affixed in their presence.

### *Disqualification of Directors*

61. The office of director shall be vacated if the director,

- (a) by notice in writing to the Company resigns his office, or
- (b) ceases to be a director by virtue of section 76 of *The Companies Act*, or
- (c) becomes bankrupt, or

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- (d) is found lunatic or becomes of unsound mind; or
- (e) is concerned or participates in the profits of any contract with the Company;

Provided, however, that where a director has made a full disclosure of his interest in any contract at a meeting of the directors, he shall not be required to vacate his office by reason of his being a member of a company that has entered into contracts with or done any work for the company of which he is a director; but a director shall not vote in respect of any such contract or work and if he does so vote his vote shall not be counted.

### *Election, etc., of Directors*

62. At each annual general meeting of the Company the whole of the directors shall retire from office, and the Company shall elect directors to fill the offices vacated.

63. A retiring director shall be eligible for re-election.

64. If at any meeting at which an election of directors ought to take place the places of the vacating directors are not filled up, the meeting shall stand adjourned till the same day in the next week, at the same time and place, and if at the adjourned meeting the places of the vacating directors are not filled up, the vacating directors, or such of them as have not had their places filled up, shall be deemed to have been re-elected at the adjourned meeting.

65. The Company may from time to time increase or reduce the number of directors by ordinary resolution, whether previous notice thereof has been given or not.

66. Any casual vacancy occurring in the board of directors may be filled up by the directors.

67. The directors shall have power at any time, and from time to time, to appoint a person as an additional director.

68. The Company may by special resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

### *Proceedings of Directors*

69. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

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70. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be a majority of the board.

71. The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the Company as the necessary quorum of directors, the continuing directors may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

72. The president of the Company shall be chairman of the board of directors, and in his absence the vice-president, if any, of the Company, and if there is no president or vice-president, or if at any meeting the president or vice-president is absent, the directors may elect a chairman of their meetings and determine the period for which he is to hold office; but, if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.

73. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the directors.

74. A committee may elect a chairman of their meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

75. A committee may meet and adjourn as the members think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the chairman shall have a second or casting vote.

76. All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

### *Dividends and Reserve*

77. The Company may by ordinary resolution, whether previous notice thereof has been given or not, declare

## COMPANIES

dividends, but no dividend shall exceed the amount recommended by the directors.

78. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

79. No dividend shall be paid otherwise than out of profits.

80. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares; but, if and so long as nothing is paid up on any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares, or, in the case of shares without nominal or par value, the number of shares held. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this article as paid on the share.

81. The directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall, at the discretion of the directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments, other than shares of the Company, as the directors may from time to time think fit.

82. If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend payable on the share.

83. Notice of any dividend that may have been declared shall be given in the manner hereinafter mentioned to the persons entitled to share therein.

84. No dividend shall bear interest against the Company.

## Accounts

85. The directors shall cause true accounts to be kept

- (a) of all sums of money received and disbursed by the Company and the matters in respect of which such receipt and expenditure took place, and
- (b) of all sales and purchases of goods by the Company, and
- (c) of the assets and liabilities of the Company, and
- (d) all other transactions affecting the financial position of the company.

## COMPANIES

86. The books of account shall be kept at the registered office of the Company, or at such other place as the directors determine by resolution, and shall always be open to inspection by the directors.

87. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being directors, and no member, not being a director, shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the directors or by ordinary resolution, whether previous notice thereof has been given or not.

88. Once at least in every year the directors shall lay before the company at its annual general meeting a financial statement for the period since the preceding statement, or, in the case of the first financial statement, since the incorporation of the company, made up to a date not more than six months before the meeting.

89. The financial statement shall be accompanied by the report of the auditors and by a report of the directors as to the state of the company's affairs, and the amount which they recommend to be paid by way of dividend, and the amount, if any, which they propose to carry to a reserve fund.

90. A copy of the financial statement and report shall, not less than 10 days before the meeting, be sent to all persons entitled to receive notices of general meetings in the manner in which notices are to be given hereunder.

### *Audit*

91. Auditors shall be appointed and their duties regulated in accordance with *The Companies Act*, or any statutory modification thereof for the time being in force.

### *Notices*

92. A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address, or, if he has no registered address in the Province of Alberta, to the address, if any, within the said Province supplied by him to the Company for the giving of notices to him.

Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected on the day following the date of posting.



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93. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the register in respect of the share.

94. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, in the Province of Alberta supplied for the purpose by the persons claiming to be so entitled.

95. Notice of every general meeting shall be given in some manner hereinbefore authorized to (a) every member of the Company except those members who, having no registered address within the Province of Alberta, have not supplied to the Company an address within the said Province for the giving of notices to them, and also to (b) every person entitled to a share in consequence of the death or bankruptcy of a member, who, but for his death or bankruptcy, would be entitled to receive notice of the meeting. No other person shall be entitled to receive notices of general meetings.

[R.S.A. 1970, c. 60, First Schedule; 1972, c. 21, ss. 14-18]

## SCHEDULE I

### Provisions of the Alberta Companies Act with respect to Articles of Association

#### I. Compulsory Provisions or Provisions Which Apply Notwithstanding any Provision Contained in the Articles of Association

##### Section No.

- |           |  |
|-----------|--|
| 21(1) (a) | The Articles of Association must be registered with the memorandum.  |
| 21(2)     | Table A applies if the Articles are not registered, or if they are registered then Table A applies insofar as the registered Articles do not exclude or modify Table A.        |
| 23        | The Articles shall be printed or typewritten and shall be divided into paragraphs numbered consecutively.  |
| 24        | The Articles must be signed by each subscriber to the memorandum of association in the presence of at least one witness.   |
| 26(2)     | If the Articles do not comply with the provisions of the Act and are registered inadvertently, the Registrar can require compliance with the Act by amendment of the Articles. |
| 29(1)     | The contractual nature of the Articles.  |

- 29(2) Money payable to any member of the company under the Articles is a specialty debt due to the member by the company.
- 52(1) A member's entitlement to a copy of the Articles.
- 62(1) The Articles must set forth who is to sign the share certificates.
- 75(1) A director of a public company can not be appointed as a director by the Articles unless he has either signed the Articles or filed a consent with the Registrar, and has signed the memorandum for a number of shares not less than his qualification.
- 136(2) At any meeting at which a special resolution is submitted to be passed a poll may be demanded by one person entitled to vote according to the Articles.
- 147(1) A copy of every special resolution affecting the Articles must be filed with the Registrar within fifteen days from its passing.

156(13) to (16)

These sections deal with the  
Articles of Association upon  
amalgamation

II. Provisions Required in the Articles of Association before  
a Company can do a certain Act

Section No.

- |       |   |
|-------|---|
| 33(2) | The power to change the registered office by ordinary resolution or by resolution of the directors (but may also be provided in the memorandum).  |
| 36(1) | Alteration of capital without reduction of issued capital, and voluntary gift to the company.   |
| 36(2) | If the articles <sup>3</sup> so provide the actions listed in s. 36(1) may be exercised by ordinary resolution or by resolution of the directors. |
| 37(1) | Increase, consolidation and subdivision of share capital without reduction of share capital without reduction of issued capital.                  |
| 43    | Conversion of a company limited by shares to a specially limited company.   |
| 44    | Conversion of a specially limited company to a company limited by shares.   |
| 46    | Conversion of a public company to a private company   |

- 47 Conversion of private company to a public company.
- 67(a) Make arrangements on the issue of shares for a difference between the shareholders and the amounts and times of payments of calls on their shares.
- 67(b) Except from any member the amount remaining unpaid on any share whether called up or not.
- 67(c) Paid dividends in proportion to the amount paid up on each share.
- 72(1) A company may issue share warrants.
- 90(a) Issue shares as a dividend.
- 90(b) Credit the amount of any dividend to the amount not fully paid up on shares.
- 113(2) Payment of interest out of capital.
- 114(1) Payment of commission or brokerage.
- 152(1) Provision for the use of the corporate seal outside of the province.
- 116(5) The remuneration of the auditors may be fixed by the directors if the articles so provide.

### III. Permissive Provisions

#### Section No.

69(7)

Articles may provide that holders of preference shares have the right to elect a certain portion of the Board of Directors or give the holders such other control over the affairs of the company, or restrict their control, as is considered expedient

70(7)

The redemption of preference shares may be affected on such terms and in such manners as may be provided by the articles of the company

145(4)

A company may by its own articles impose a reasonable restriction on the hours in which the minute book of the company may be inspected

## SCHEDULE II

### Provisions of the British Columbia Companies Act with respect to Articles of Association

#### A. Compulsory Provisions or Provisions which May Apply Notwithstanding ANY Provisions Contained in the Articles of Association

##### Section No.

3(c)(ii)	Transitional provision, the Articles if an inconsistent with this Act shall continue in force until altered under this Act
8(1)	A company must have articles prescribing rules for its conduct
15	The contractual nature of the memorandum and Articles
57	Prohibition against registration of a transfer unless a proper instrument has been delivered to the company
58	Upon death or bankruptcy of a member his personal representative or trustee although not entered as a member has the rights, privilege and obligations that attach to the shares
60	Providing the applicant has complied with the Act and the Articles(or memorandum) the company must register a share transfer



- 142                   The Article(or the memorandum  
or a contract) shall not relieve  
a director from the duties imposed  
upon him under the Act
- 153(3)               The company may, notwithstanding  
any provision in the memorandum  
or articles, remove a director  
before the expiration of his term  
by a special resolution, and may  
by ordinary resolution appoint  
another person in his stead
- 159                   Compels every officer of the company  
to comply with the Act, the regula-  
tions, the memorandum, and the  
articles of the company
- 170(1)               Directors must give notice of a  
general meeting upon requisition  
of holders of 5% of the shares  
notwithstanding any provision  
of the articles
- 171(2)               A quorum for a class meeting of  
shareholders of the company is  
at least one person holding or  
represented by proxy 1/3 of the  
shares affected notwithstanding  
any provision of the articles
- 186(1) (c)           A company shall keep at its records  
office a copy of its articles  
and every amendment
- 188                   Members are entitled to a free copy  
of the memorandum and articles

241(1) Where the articles of a company are altered every copy issued after the alteration shall contain the alteration

247(1) No right or special right attached to an issued share shall be varied without a special resolution of the class share holders

247(2) No resolution to vary a special right of conversion attaching to shares or reporting company shall be submitted to a general meeting or a class meeting until the commission has consented to the resolution

B. Provisions Required in the Articles before a Company Can  
Do a Certain Act

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Section No.

37(1)	A company may have a seal for use outside the province
41(2)	No par value shares can not be allotted for less than the consideration determined by the directors where the articles authorize the directors to determine the price
45(1)	The company may pay commission or allow discount not exceeding 25%
56	Presumably subject to other provision in the Act, a share is transferable in the manner provided by the articles of the company
68(2)	A company may keep one or more branch registers
68(3)	A reporting company may have one or more branch registers outside of the province
86	A company may keep one or more branch registers of its debenture holders
256	The manner of redemption of issued shares must be set forth in the memorandum and articles

C. Permissive Provisions

Section No.

8(2) A company may adopt Table A in whole or in part

NOTE: There is no provision in the British Columbia Act that Table A will apply in the event of an omission in the articles filed by the company

22 A company may provide for different classes of shares in its memorandum or its articles

48(1) A company may set the fees for splitting a certificate in its articles

52 A company may set fees for replacing a worn, lost or defaced certificate

245 A company may by special resolution alter its memorandum or articles by creating, defining and attaching special rights or restrictions to any shares whether issued or not

246 A company may by special resolution alter its memorandum or articles by varying or abrogating any special right or restriction attached to any shares whether issued or not

NOTE: Both sections 245 and 246 are subject to the provisions of 247 and 248 which require a 3/4 consent of the holders of a class

and also grant a right of application  
to the court to 10% of the class.

Company may increase capital.

Compare with Alberta where the  
right must be given in the Articles.

D. Provisions of the Act Which Apply unless the Articles Specifically Provide Otherwise

Section No.

40(5)	A reporting company may allot and issue shares as the directors may determine
92(1)	Where a company redeems a debenture previously issued the company shall have the power to re-issue the debenture unless provision to the contrary is contained in the Articles
148	Resolution of directors or a committee may be passed without meeting by unanimous written consent unless articles require otherwise
154(1)	Unless the articles provide otherwise a casual vacancy that occurs amongst the directors may be filled by the remaining directors
156(4)	Where the articles do not provide for the election of a president and secretary, this section gives the procedure
167	A quorum for a general meeting is two persons
181(1)	Voting shall be by show of hands in the first instance at any general meeting with members
184(a)	Notice of a general meeting shall be served on every member in the manner required in Table A

- 184 (b) Any member present at a meeting  
may be chairman of the meeting
- 184 (c) Every member shall have one  
vote for each share
- 258 (2) A partial redemption of a class  
of shares must be pro rata  
amongst the members of that class
- 259 (1) A company may re-issue any redeemed  
or purchased shares

IV. Provisions of the Act which apply unless the articles provide otherwise

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Section No.

76(1) A director must acquire a specified share qualification within two months

78(4) Prohibition against a director voting in respect of any contract in which he is interested, and if he does vote his vote shall not be counted

109(1) Power to issue redeemed debentures

135

(1) The following provisions have effect in so far as the articles of the company do not make other provision in that behalf:

- (a) a meeting of a company, other than a meeting for the passing of a special resolution, may be called by seven days' notice in writing;
- (b) a notice of a meeting of a company shall be served on every member of the company in the manner in which notices are required to be served by Table A in the First Schedule, and for the purpose of this provision, the expression "Table A" means such table as for the time being in force;
- (c) two or more members holding not less than one-tenth of the issued share capital or, if the company has not a share capital, not less than 5 per cent in number of the members of the company, may call a meeting;
- (d) in the case of a private company, two members, and in the case of any other company, three members, personally present, constitute a quorum;
- (e) any member elected by the members present at a meeting may be chairman thereof;
- (f) in the case of a company originally having a share capital, every member has one vote in respect of each share or each \$50 of stock held by him, and in any other case, every member has one vote;
- (g) a special resolution within the meaning of section 2, subsection (1), clause 32, subclause (iii) shall be deemed to be a special resolution passed at a general meeting of the company.



(2) If for any reason it is impracticable to call a meeting of a company in any manner in which meetings of that company may be called, or to conduct the meeting of the company in the manner prescribed by the articles or this Act, the court, either on the application of any director of the company or of any member of the company who would be entitled to vote at the meeting, or of its own motion, may order a meeting of the company to be called, held and conducted in such manner as the court thinks fit, and where any such order is made, the court may give such ancillary or consequential directions as it thinks expedient, and any meeting called, held, and conducted in accordance with any such order shall for all purposes be deemed to be a meeting of the company duly called, held and conducted.

[R.S.A. 1970, c. 60, s. 135]