

**BY-LAW NO. 1**

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

**BAYLIN TECHNOLOGIES INC.**

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IT IS HEREBY ENACTED as By-law No. 1 of BAYLIN TECHNOLOGIES INC. (the Corporation) as follows:

## **1 Interpretation**

### **1.1 Statutory References**

In the by-laws of the Corporation, **Act** means the *Business Corporations Act* (Ontario) and the regulations made thereto, as from time to time amended, and every statute that may be substituted therefor, and in the case of such amendment or substitution, any reference to the Act in the by-laws of the Corporation refers to the amended or substituted provisions therefor.

### **1.2 Conflict with the Act and Articles**

To the extent that there is any conflict or inconsistency between by-laws and the Act or the articles of the Corporation, the Act or articles will govern.

### **1.3 Number and Gender**

Any reference in this Agreement to gender includes all genders and words importing the singular include the plural and *vice versa*.

## **2 Directors**

### **2.1 Place**

Meetings of directors may be held at the registered office of the Corporation or any other place within or outside Canada. In any financial year of the Corporation, a majority of the meetings of the board of directors (**the board**) need not be held within Canada.

### **2.2 Notice**

Subject to any resolution of the board, meetings of the board may be called at any time by the chair of the board or vice chair of the board or the president and chief executive officer or any vice-president who is a director, or any two directors. Notice of the time and place for holding any meeting of the board and the general nature of the business to be transacted thereat will be given by the secretary of the Corporation at least 48 hours prior to the time fixed for the meeting.

### **2.3 Quorum**

The board may, from time to time, fix by resolution the quorum for meetings of the board, but in no case shall a quorum be less than a majority of directors or minimum number of directors, as the case may be. Where the Corporation has fewer than three directors, all directors must be present to constitute a quorum. Until otherwise fixed, a majority of directors in office, from time to time, will constitute a quorum.

### **2.4 First Meeting of the New Board**

For the first meeting of the board to be held following the election of directors at an annual or special meeting of the shareholders, or for a meeting of the board at which a director is appointed to fill a vacancy on the board, no notice of such meeting need be given to the newly elected or appointed director(s) in order for the meeting to be duly constituted, provided a quorum of the directors is present.

## 2.5 Chair

The chair of any meeting of the board shall be the first mentioned of the following officers who is a director and present at the meeting: the chair of the board or the vice-chair of the board. If such officer is not present, the directors present will choose one of their number to be chair of the meeting.

## 2.6 Votes to Govern

All questions arising at any meeting of the board will be decided by a majority of votes. In the case of an equality of votes, the chair of the meeting is entitled to a second or casting vote in addition to his original vote.

## 2.7 Nominations of Directors.

Subject only to the Act and the articles of the Corporation (the **Articles**), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (a) by or at the direction of the board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person (a **Nominating Shareholder**): (A) who, at the close of business on the date of the giving of the notice provided for below in this Section 2.7 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Section 2.7.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation.

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the Notice Date) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

(c) in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

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

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 2.7; provided, however, that nothing in this Section 2.7 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

For purposes of this Section 2.7:

(a) **public announcement** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and

(b) **Applicable Securities Laws** means the applicable securities legislation of each relevant province of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province of Canada.

Notwithstanding any other provision of this Section 2.7, notice given to the Secretary of the Corporation pursuant to this Section 2.7 may only be given by personal delivery, facsimile transmission or by email (to the Secretary of the Corporation), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile

transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Section 2.7.

### **3 Protection of Directors, Officers and Others**

#### **3.1 Indemnity**

Subject to the Act and any other applicable law, and any other applicable law, the Corporation shall indemnify each director and officer of the Corporation, each former director and officer of the Corporation, and each other individual who acts or acted at the Corporation's request as a director or officer or in a similar capacity of another entity against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal, administrative, investigative or other proceeding to which he is made a party or involved in by reason of being or having been a director or officer of the Corporation or such other entity at the request of the Corporation or in a similar capacity (excluding any proceeding initiated by such individual other than to establish a right of indemnification) provided:

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

#### **3.2 Advances for Costs**

The Corporation shall, to the full extent permitted by law, advance monies to an individual referred to in section 3.1 for costs, charges, and expenses of a proceeding referred to in section 3.1 provided such individual shall repay the monies advanced if the individual does not fulfill the conditions of indemnification set out in the Act.

#### **3.3 Indemnification Agreements**

The Corporation is authorized to enter into any agreement evidencing and setting out the terms and conditions of, an indemnity in favour of any of the persons referred to in section 3.1.

#### **3.4 Director and Officer Insurance**

The Corporation may purchase, maintain or participate in insurance against the risk of its liability to indemnify pursuant to this by-law or otherwise.

### **3.5 Right not Exclusive**

The right of any person to indemnification granted by this by-law is not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors, at law or otherwise.

## **4 Shareholders**

### **4.1 Chair, Secretary and Scrutineer**

The chair of any meeting of shareholders will be the first mentioned of such of the following officers who is present at the meeting and is a shareholder: chair of the board, vice chair of the board, president and chief executive officer or a vice-president. If no such officer is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote thereat will choose one of their number to be chair of the meeting. If present, the secretary of the Corporation shall be secretary of the meeting. If the secretary is absent, the chair of the meeting shall appoint another person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more persons, who need not be shareholders, may be appointed to act as scrutineers by the chair of the meeting.

### **4.2 Quorum**

A quorum of shareholders is present at a meeting of shareholders irrespective of the number of persons actually present at the meeting, if the holder(s) of 25% of the shares are present in person or represented by proxy at the start of any meeting of shareholders

### **4.3 Adjournment**

The chair of any meeting of shareholders may, with the consent of the persons present who are entitled to vote at the meeting, adjourn the meeting from time to time and place to place, subject to conditions as such persons may decide. Any adjourned meeting is duly constitute if held in accordance with the terms of the adjournment and a quorum is present at the adjourned meeting. Any business may be considered and transacted at any adjourned meeting which might have been considered and transacted at the original meeting of shareholders.

### **4.4 Votes to Govern**

A vote at a meeting of shareholders may be held by telephone or electronic or other means of communication facility made available by the Corporation. In the case of an equality of votes, the chair of the meeting will not be entitled to a second or casting vote.

### **4.5 Meeting Held by Electronic Means**

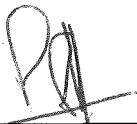
A meeting of shareholders may be held by telephonic or electronic means and a shareholder, proxyholder or shareholder's representative who, through those means, votes at a meeting or establishes a communications link to the meeting shall be deemed to be present at that meeting.

**5 Effective Date**

This by-law will come into force on the date when made by the board in accordance with the Act.

**ENACTED AND MADE** by the board of the Corporation the 26<sup>th</sup> day of September, 2013.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Corporate Secretary

The shareholders of the Corporation confirmed By-Law No. 1 as a by-law of the Corporation.