



BYLAWS

CANADIAN HEAVY OIL ASSOCIATION

December, 2009

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1.0 INTERPRETATION

1.1 Definitions

In these Bylaws, the following definitions shall apply:

Act means the Societies Act R.S.A. 2000, Chapter S-14 as amended, or any statute substituted for it.

Annual General Meeting means the annual general meeting of the Association.

Association means the Canadian Heavy Oil Association.

Board means the Board of Directors of the Association.

Books and Records means the Application to Form a Society, the Association's Bylaws, the resolutions of Members' meetings, and the annual financial statements of the Association.

Bylaws means these Bylaws, as amended.

Director means any person elected or appointed to the Board.

Executive Director means the individual who has been appointed by the Board to manage the affairs of the Association.

Member means a Member of the Association.

Officer means any officer of the Association, including President, Vice-President, Treasurer and Secretary.

President means the President of the Board.

Registered Office means the registered office for the Association.

Resolution means, subject to the Special Resolution, a decision passed at a Special Meeting or Annual General Meeting by a simple majority of votes.

Special Meeting means any meeting of the Association except the Annual General Meeting.

Special Resolution means a resolution passed at a meeting of the membership of this Association. There must be twenty-one (21) days' notice for this meeting and approval by 75% of the voting Members who are present at the meeting. The following motions require special resolution: changing the objects of the Association; issuing debentures; amending the Bylaws; adopting an amalgamation agreement; or dissolving the Association.

1.2 Interpretation

In the interpretation of these Bylaws, except where excluded by the context:

- a. words indicating the singular number shall also include the plural, and vice-versa;
- b. words indicating persons shall include corporations;
- c. headings used throughout these Bylaws are for reference purposes only and do not affect the interpretation of these Bylaws; and,
- d. these Bylaws shall be interpreted broadly and generously.

2.0 NAME AND INCORPORATION

2.1 The name of the organization shall be the Canadian Heavy Oil Association, also referred to as “the Association”.

2.2 The Association is incorporated as a non-profit organization under the Societies Act of Alberta.

2.3 The following articles set forth the Bylaws of the Association.

3.0 MEMBERSHIP

3.1 Categories

There are three categories of membership in the Association:

- a. Active Member;
- b. Lifetime Member; and,
- c. Student Member.

3.1.1 Active Member is any person who:

- a. is employed in, or associated with the heavy oil and oil sands industry;
- b. has attained the age of eighteen (18) years;
- c. has paid the annual membership fee, and,
- d. has agreed to honour, uphold and support the objectives of the Association.

3.1.2 Lifetime Member is any person who is given a membership by the Board in recognition of their service to the Association.

3.1.3 Student Member is any person who:

- a. is enrolled at an accredited post-secondary institution in a course or program of study which is associated with the heavy oil and oil sands industry;
- b. has attained the age of eighteen (18) years;
- c. has paid the annual student membership fee, and,
- d. has agreed to honour, uphold and support the objectives of the Association.

- 3.1.4 Only Active Members and Lifetime Members have voting rights.
- 3.1.5 Student Members are not entitled to vote at any membership meeting of the Association. They are entitled to receive notice of the Annual General Meeting.
- 3.1.6 Lifetime members do not pay membership fees.

3.2 Conditions of Membership

- 3.2.1 The membership year shall be from January 1 to December 31.
- 3.2.2 Annual membership fees shall be determined by the Board and are payable annually January 1st or upon admission.
- 3.2.3 Membership in the Association shall not be transferable.
- 3.2.4 Membership in the Association, and all its rights and privileges, shall cease under the following circumstances:
 - a. upon receipt of written notice of resignation to the Secretary from the Member;
 - b. upon the Member being in default of paying the membership fees; or,
 - c. upon death of the Member.
- 3.2.5 Any Member may be expelled from membership by reason of undertaking activities that violate the best interests and goals of the Association. Prior to the Board vote being taken, the Member proposed for expulsion shall be given fourteen (14) days written notice of the proposed expulsion and given an opportunity to explain or justify his/her position to the Board.

4.0 GENERAL MEETINGS OF THE ASSOCIATION

4.1 Notice of Members' Meetings

- 4.1.1 There shall be an Annual General Meeting, which shall be held within one hundred and twenty (120) days of the end of the Association's fiscal year. The Board shall determine the time and place of the meeting.
- 4.1.2 The business of the Annual General Meeting shall include:
 - a. presentation of the audited financial statements;
 - b. election of new Directors;
 - c. appointment of the auditor, and,
 - d. other business as may be determined by the Board.

- 4.1.3** Special Meetings may be called:
- a. at any time by the President or by resolution of the Board; or,
 - b. upon written request of a minimum of twenty (20) Active Members of the Association. The request must state the reason for the Special Meeting and the motion(s) which will be submitted at this meeting.
- 4.1.4** Notice of every Association Meeting shall be made twenty-one (21) days before the meeting.
- 4.1.5** Notice of the meeting shall be by mail or electronic media to the Member's address as noted in the records of the Association. Postmark or dated electronic media shall be used to confirm delivery of the material.
- 4.1.6** No error or omission in giving notice of an Association Meeting shall invalidate any action taken at the meeting.

4.2 Conduct of Members' Meetings

- 4.2.1** The President, or when absent, the Vice-President, shall preside at every Association Meeting. If neither the President nor Vice-President is in attendance, the Members present shall choose another Director to act as Chair. If no Director is present, the Members present shall choose one of their numbers to preside at the meeting.
- 4.2.2** A quorum at any Association Meeting shall be a minimum of fifty (50) Members (excluding Student Members).
- 4.2.3** If a quorum is not present within thirty (30) minutes of the time appointed for the meeting, the meeting shall be adjourned to the same day, time and location of the following week.
- 4.2.4** If a quorum is not present at the rescheduled meeting, pursuant to section 4.2.3:
- a. the meeting will be cancelled if the meeting was requested by Members; or,
 - b. the Members present shall constitute a quorum in all other cases.
- 4.2.5** Membership meetings may be conducted by teleconference, videoconference, Internet or other electronic means as required.

4.3 Voting Procedures

- 4.3.1** Each Active Member and each Lifetime Member shall have one (1) vote on all questions put to the Members at any meeting of the Association.
- 4.3.2** At any Meeting of the Association, any motion shall be passed by a simple majority of votes from the Members present. Motions which require a Special Resolution shall be passed by approval of seventy-five percent (75%) of the Members present.

- 4.3.3 Voting shall be by a show of hands unless a minimum of three (3) Members present shall request a ballot. Votes may be cast by teleconference, videoconference, Internet and other electronic means as required.
- 4.3.4 Where a ballot is requested by Members, the President shall decide the method for a ballot vote.
- 4.3.5 The President declares a resolution carried or lost. This statement is final and does not have to include the number of votes for and against the resolution.
- 4.3.6 The President does not have a second or casting vote in the case of a tie vote. If there is a tie vote, the motion is defeated.
- 4.3.7 There shall be no voting by proxy at any Association Meeting.

5.0 BOARD OF DIRECTORS

5.1 Qualifications

Any person is eligible to be a Director of the Board who:

- a. is 18 years of age or older;
- b. is an Active Member of the Association;
- c. is not an employee of the Association; and,
- d. is legally competent to conduct business and enter contracts under the laws of Canada and its provinces.

5.2 Election and Term

- 5.2.1. There shall be a Board of Directors consisting of a minimum of seven (7) individuals and a maximum of thirteen (13) individuals. The Directors shall be elected by the Members at the Annual General Meeting of the Association.
- 5.2.2. The term of service of a Director shall be a two (2) year term, commencing upon the dissolution of the membership meeting at which a Director is elected. No Director shall be eligible to serve for more than three (3) consecutive terms.
- 5.2.3 Where a Director's position becomes vacant during a term, the Board of Directors may appoint an interim Director to the position. Interim Directors shall serve from the date of appointment by the Board until the next Annual General Meeting at which time they will be eligible for re-appointment.
- 5.2.4 A Director shall be deemed to have vacated his/her position under the following circumstances:
 - a. upon providing thirty (30) days written notice of resignation to the President;
 - b. upon declaring bankruptcy;
 - c. upon being expelled by a resolution of the Board; or,

d. upon death of the Director.

5.2.5 Where a Director resigns from the Board, his/her resignation becomes effective on the date specified in the letter of resignation.

5.3 Expulsion of Director

5.3.1 The Board may expel any Director that undertakes activities that violate the best interests and goals of the Association.

5.3.2 Notice of Intention to Expel from the Board of Directors shall be served in writing to the Director at least twenty-one (21) days in advance of the Board meeting at which the expulsion shall be voted upon, and shall state the grounds for expulsion.

5.3.3 A Director under Notice of Intention to Expel shall have the right to contest such notice at the Board meeting at which the expulsion is to be voted upon.

5.3.4 Expulsion shall be deemed to have occurred upon the passing of a motion by seventy-five percent (75%) of Directors present at the meeting.

5.4 Remuneration of Directors

No Director or Officer shall receive remuneration of any type from the Association for the performance of his/her duties. Reasonable expenses incurred while carrying out the duties of the Association may be reimbursed subject to Board policy.

6.0 POWERS AND DUTIES OF THE BOARD

The Board of Directors is charged with the governance, management and oversight of the Association. The Board may:

- a. borrow or raise funds to meet its objectives and operations in such manner as the Board sees fit in accordance with the Act;
- b. appoint committees to assist the Board in its work;
- c. appoint an Executive Director to manage the affairs of the Association under the general direction of the Board, and,
- d. exercise all other powers and do all other acts as the Association is by its charter, or otherwise, authorized.

7.0 OFFICERS OF THE BOARD

7.1 Appointment of Officers

At the first meeting of the Board of Directors following the Annual General Meeting of the Association, the Directors shall appoint officers from their membership. Officers serve for a one year term and may be re-appointed for subsequent terms provided that their total years of service does not exceed the provisions of Section 5.2.2 . The Officers shall be a President, Vice-President, Treasurer and Secretary.

7.2 Duties of Officers

- 7.2.1** The President shall preside at all Board meetings and meetings of the Association membership.
- 7.2.2** The Vice-President shall perform the duties and exercise the powers of the President in the absence or disability of the President.
- 7.2.3** The Treasurer shall ensure the proper recording, deposits and disbursements of all Association funds.
- 7.2.4** The Secretary shall ensure that a full and complete record is kept of all proceedings of the Association.

8.0 EXECUTIVE DIRECTOR

The Board may appoint an Executive Director to manage the affairs of the Association under the general direction of the Board. The Executive Director is an *ex officio* non-voting member of the Board and all committees. The Executive Director shall be responsible for:

- a. the proper and legal conduct of the business of the Association according to policies established by the Board, and,
- b. the engagement, supervision, direction and termination of all personnel.

9.0 BOARD COMMITTEES

The Board may appoint standing committees, sub-committees and ad hoc committees to assist the Board in its work. All committees operate under Board-approved terms of reference.

10.0 MEETINGS OF THE BOARD

10.1 Notice of Meetings

- 10.1.1** The Board shall meet a minimum of four (4) times a year, and more often if required.
- 10.1.2** Meetings of the Board shall be called by the President. The President shall also call a meeting if requested to do so by a minimum of two (2) Directors.
- 10.1.3** Notice of meetings of the Board shall be in writing not less than five (5) business days prior to the meeting. Notice may be served by mail or electronic media. Postmark or dated electronic media shall be used to confirm delivery of the material.
- 10.1.4** No error or omission in giving notice of a Board Meeting shall invalidate any action taken at the meeting.

10.2 Conduct of Meetings

- 10.2.1** The President of the Board shall preside at all meetings of the Board. In the absence of the President, the Vice-President shall preside at meetings. If neither the President nor the Vice-President is in attendance, the Directors shall appoint a Chair from among the Directors present for the meeting.
- 10.2.2** A quorum at meetings of the Board of Directors shall be fifty percent (50%) plus one Director. If a quorum is not present within thirty (30) minutes of the time appointed for the meeting, the meeting shall be cancelled.
- 10.2.3** Board meetings may be conducted by teleconference, videoconference, Internet and other electronic means as required.

10.3 Voting Procedures

- 10.3.1** Each Director present shall have one (1) vote on all questions put forward. A simple majority vote shall decide the outcome of all motions. Votes may be cast by teleconference, videoconference, Internet or other electronic means as required.
- 10.3.2** The President does not have a second or casting vote in the event of a tie vote. If there is a tie vote, the motion is defeated.
- 10.3.3** In the absence of a meeting, a written resolution signed by all the Directors is as valid as if it had been passed at a meeting.

11.0 FINANCES

11.1 Business of the Association

- 11.1.1** The fiscal year shall be June 1 to May 31.
- 11.1.2** The Registered Office of the Association shall be in Calgary, Alberta.
- 11.1.3** The Association has dispensed with the use of a corporate seal.

11.2 Borrowing and Banking

- 11.2.1** The Board may:
 - a. borrow money upon the credit of the Association;
 - b. pledge, mortgage or otherwise create a security interest in all or a portion of any real or personal property of the Association to secure any obligations of the Association, and,
 - c. give a guarantee on behalf of the Association to secure the performance of any obligation of any person.

11.2.2 Official and financial documents may be signed by any two (2) of the following: President, Vice-President, Treasurer, Secretary and Executive Director.

11.2.3 The Association shall conduct its banking business only with a chartered bank or trust company.

11.3 Audit

The financial books, accounts and records of the Association may be audited subject to Board resolution.

11.4 Inspection of Books and Records

11.4.1 Any Director may inspect the Books and Records of the Association upon giving reasonable notice to the Secretary.

11.4.2 The Association's Books and Records shall be made available to any Active Member, upon giving reasonable notice to the Secretary, for inspection during regular business hours.

12.0 PROTECTION OF DIRECTORS AND OFFICERS

12.1 Conflict of Interest

Any Director or Officer who has a material interest in any actual or proposed contract with the Association shall disclose the nature and extent of his/her interest in the contract. This contract will be referred to the Board for approval even if the contract would not ordinarily require Board approval. A Director interested in a contract referred to the Board shall abstain from voting on the contract and absent himself or herself from that portion of the meeting at which the contract is discussed.

12.2 Limitation of Liability

No Director or Officer shall be liable for:

- a. the acts, neglects or defaults of any other Director, Officer or employee;
- b. any loss, damage or expense resulting from the insufficiency or deficiency of title to any property acquired on behalf of the Association;
- c. the insufficiency or deficiency of any security in which the Association is invested;
- d. any loss or damage arising from the bankruptcy, insolvency or wrongful acts of any other person;
- e. any loss resulting from an error in judgement or oversight on their part; or,
- f. any other loss, damage or misfortune resulting from the execution of their duties.

Provided that any loss, damage or expense does not result from the Director's or Officer's wilful neglect or default.

12.3 Indemnity

Every Director and Officer, and their heirs, executors, administrators and estate shall be indemnified and saved harmless, out of funds of the Association, from all costs resulting from the Director's or Officer's performance if:

- a. the person acted honestly and in good faith with a view to the best interest of the Association, and,
- b. in the case of a criminal or administrative act or proceeding enforced by monetary penalty, they had reasonable grounds for believing that their conduct was lawful

and provided:

- c. the person seeking indemnification has given the Association prompt written notice of any such claim, law suit or action, and,
- d. they cooperate in a reasonable manner with the Association and its agents in defence of the claim, law suit or action.

12.4 Insurance

The Association shall purchase and maintain Directors and Officers Liability Insurance.

13.0 AMENDMENTS TO THE BYLAWS

The Bylaws may be rescinded, altered or added to by a Special Resolution at a membership meeting, either the Annual General Meeting or a Special Meeting. Members shall be notified of a Special Resolution not less than twenty-one (21) days in advance of the meeting.

14.0 DISSOLUTION OF THE ASSOCIATION

The Association may be dissolved by a Special Resolution at an Annual General Meeting or Special Meeting of the membership. Upon dissolution of the Association, the Association shall disburse remaining revenues, after paying debts and liabilities, to other non-profit organizations as approved by the Board.

REPEAL OF OLD BYLAWS

All Bylaws of the Canadian Heavy Oil Association presently in force are hereby revoked.

DATED at the city of Calgary in the province of Alberta this _____ day of _____,
2010.

PRESIDENT, BOARD OF DIRECTORS

SECRETARY

CONFIRMED by the Members this _____ day of _____, 2010.

SECRETARY