

ORDINARY RESOLUTION RESPECTING A NEW GENERAL BY-LAW OF THE COMPANY

IT IS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The following by-law is hereby confirmed, approved and adopted as the general by-law of the Company:

BY-LAW NO. 1

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

ALGOMA CENTRAL RAILWAY

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BE IT ENACTED as a by-law of the Corporation as follows:

Interpretation

- 1.01 **Definitions** - In the by-laws of the Corporation, unless the context otherwise requires:

"Act" means the Canada Business Corporations Act, or any statute that may be substituted therefor, as from time to time amended;

"board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"Corporation" means Algoma Central Railway;

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; and "special meeting of shareholders" includes a meeting of a class, series, or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders; and

"recorded address" means in the case of a shareholder his address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his latest address as recorded in the records of the Corporation.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein. Words importing the singular include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

Business Of The Corporation

- 2.01 **Registered Office** - The registered office of the Corporation shall be at the place within Canada from time to time specified in the articles and at such location therein as the board may from time to time determine.

- 2.02 **Financial Year** - Until changed by the board, the financial year of the Corporation shall end on the last day of December in each year.

2.03 Execution of Documents – The Board may from time to time determine the officers or other persons by whom any particular document or instrument or class of documents or instruments of the Company shall be executed and the manner of execution thereof, including the use of facsimile reproductions of any or all signatures and the use of the corporate seal or a facsimile reproduction thereof.

Directors

3.01 Number – The number of directors of the company shall be such number as is determined from time to time by resolution of the board provided that such number is not less than the minimum number and not more than the maximum number set out in the articles.

3.02 Election and Term – The election of directors shall take place at each annual meeting of shareholders at which meeting directors shall be elected to hold office for a term not exceeding three years.

3.03 Place of Meeting – Meetings of the board may be held at any place in or outside Canada.

3.04 Calling and Notice of Meeting – Meetings of the board may be held at such times and places as the Chairman, the President, a Vice President or any two directors may determine. Written or oral notice of the time and place of each meeting of the board shall be given to each director not less than 24 hours before the meeting, and may be given by written or oral means, including by telecommunication or telephone. A notice of a meeting of the board need not specify the business to be transacted at the meeting except as may be required by the Act. In case of a director appointed to fill a vacancy on the board no notice of the meeting at which he is appointed shall be required to be given to that director.

3.05 First Meeting of New Board – Provided a quorum of directors is present, directors may without notice hold a meeting immediately following a meeting of shareholders at which directors are elected.

3.06 Quorum – The quorum for the transaction of business at any meeting of the board shall consist of 3 directors or such greater number of directors as the board may from time to time determine.

3.07 Chairman – The chairman of a meeting of the board shall be the Chairman or in his absence the President. If no such officer is present the meeting shall appoint a chairman.

3.08 Votes to Govern – At all meetings of the board, and subject to the requirements of the Act in respect of conflicts of interest, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote.

3.09 Remuneration and Expenses – The directors shall be paid such remuneration for their services as directors as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

Officers

4.01 Appointment – The board may from time to time appoint a Chairman, a President, one or more Vice Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other officers as the board may determine. Only the Chairman and the President need also be a director of the Corporation.

4.02 Powers and Duties of Officers – The powers, duties and remuneration of all officers shall be such as the terms of their engagement call for or as the board may specify.

4.03 Term of Office – The board, in its discretion, may remove any officer of the Corporation. Otherwise each officer appointed by the board shall hold office until his successor is appointed or until his earlier resignation.

4.04 Agents and Attorneys – The Corporation, by or under the authority of the board or the President, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to subdelegate) of management, administration or otherwise as may be thought fit.

Protection of Directors, Officers and Others

5.01 **Limitation of Liability** – Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other act for conformity; or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgement or oversight on his part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of his office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

5.02 **Indemnity** – The Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. The Corporation shall also indemnify such person in other circumstances as the Act or law permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

Share Certificates

6.01 **Share Certificates** – Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written certificate of acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Such certificates shall be in such form as the board may from time to time approve. Any such certificate shall be signed in accordance with section 2.03 and need not be under the corporate seal. Notwithstanding the foregoing, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. Any signature required on a certificate may be printed or mechanically reproduced in facsimile thereon. A certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

6.02 **Replacement of Share Certificates** – The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

Meetings of Shareholders

7.01 **Annual Meetings** – The annual meeting of shareholders shall be held at such time in each year and at such place as the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

7.02 **Special Meetings** – The board shall have power to call a special meeting of shareholders at any time.

7.03 **Notice** – It shall be the duty of the Secretary to give notice in accordance with the provisions of the Act of any meeting of shareholders authorized to be called but such notice may be given by any other person duly authorized by the board.

7.04 **Chairman and Secretary** – The chairman of any meeting of shareholders shall be the Chairman, or in his absence, the President or in his absence a director provided such person is also a shareholder. If no such officer is present or such officer is unwilling or unable to act, the persons present and entitled to

vote shall choose one of their number to be chairman. The secretary of any meeting of shareholders shall be the Secretary. If the Secretary is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting.

7.05 Quorum - At any meeting of shareholders two individuals present in person each of whom is a shareholder or a proxyholder entitled to vote at such meeting shall constitute a quorum for the appointment of the chairman and the adjournment of the meeting, and for all other purposes at least two individuals present in person each of whom is a shareholder or a proxyholder entitled to vote at such meeting, and who hold or represent by proxy not less than 10% of the total number of shares carrying the right to vote at such meeting, shall constitute a quorum.

7.06 Form of Proxy - The form of proxy to be used at a meeting of shareholders must be executed by the shareholder or by his attorney duly authorized in writing and, in the case of joint holders, must be executed by all such holders. If the shareholder is a corporation, the form of proxy must be executed under its corporate seal or by an officer or attorney duly authorized in writing. Where the shareholder is a firm, association, partnership or other entity, the form of proxy must be executed by an individual or attorney duly authorized. Where a form of proxy has been executed by or on behalf of a corporation, firm, association, partnership or other entity or by an attorney and uncertainty exists as to the capacity or authority of the individual or individuals so executing the form of proxy, the Corporation may, in its discretion, require proof of the capacity and/or authority of such individual or individuals and, in the absence of proof satisfactory to the chairman of the meeting, such chairman may exclude the form of proxy for use at the meeting.

7.07 Votes to Govern - At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

7.08 Shareholder Approval - Any contract entered into or action taken or omitted by or on behalf of the Corporation shall, if approved by a resolution of the shareholders, be deemed for all purposes to have had the prior authorization of all the shareholders.

7.09 Declaration by Chairman - A declaration by the chairman of the meeting of shareholders that a resolution has been carried or lost, as to the number of votes cast and/or as to the requisite majority for or against shall be conclusive evidence thereof.

Dividends

8.01 Dividends - The mailing or other transmission to any shareholder of the Corporation, at his recorded address, of a cheque payable to his order for the amount of any dividend payable in cash shall discharge the Corporation's liability for the dividend to the extent of the amount of the cheque plus the amount of any tax which the Corporation has properly withheld, unless the cheque is not paid on due presentation. In the event of the non-receipt of any cheque for a dividend payable in cash, the Corporation shall issue to the shareholder a replacement cheque for the same amount on such reasonable terms as to indemnity and evidence of non-receipt as the board, or any officer or agent designated by the board, may impose. No shareholder shall be entitled to recover by action or other legal process against the Corporation any dividend that is represented by a cheque that has not been duly presented to a banker of the Corporation for payment or that otherwise remains unclaimed for a period of 6 years from the date on which it was payable.

Notices

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

9.02 **Notice to Joint Shareholders** - If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of such persons shall be sufficient notice to all of them.

9.03 **Computation of Time** - Unless otherwise specified, in computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the day of giving the notice shall be excluded and the day of the meeting or other event shall be included.

9.04 **Omissions and Errors** - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

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

9.06 **Waiver of Notice** - Any shareholder, proxyholder or other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under the Act, the regulations thereunder, the articles, the by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or a committee of the board which may be given in any manner.

Effective Date

10.01 **Effective Date** - This by-law shall come into force when confirmed by the shareholders in accordance with the Act.

10.02 **Repeal** - By-laws Nos. 1, 2 and 3 of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of such by-laws so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles (as defined in the Act) or predecessor charter documents of the Corporation obtained pursuant to any such by-laws prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board or a committee of the board with continuing effect passed under such repealed by-laws shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed.

MADE by the board the 4th day of March, 1987.

President

Secretary