

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of **TELFERSCOT RESOURCES INC.** (the "**Corporation**")

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BE IT ENACTED AS A BY-LAW of the Corporation as follows:

ARTICLE 1 INTERPRETATION

- 1.1 Definitions. In this by-law of the Corporation, unless the context otherwise requires:
- (a) "**Act**" means the *Canada Business Corporations Act* and the regulations passed pursuant to that Act and any legislation that may be substituted therefor, as amended from time to time;
 - (b) "**Articles**" means the Articles of Incorporation of the Corporation attached to its Certificate of Incorporation and dated the 31st day of May, 2010, as amended or restated from time to time;
 - (c) "**Board**" means the board of directors of the Corporation;
 - (d) "**By-laws**" means this By-law and all other By-laws of the Corporation from time to time enacted by the Corporation and being in force and effect;
 - (e) "**Shareholder**" means the registered holder of shares in the Corporation;
 - (f) "**Director**" means a director of the Corporation;
 - (g) "**Non-Business Day**" means Saturday, Sunday and any other day that is a holiday in the jurisdiction in which the Corporation's registered office is from time to time located;

- (h) **"Recorded Address"** means in the case of a Shareholder his address as recorded in the securities register of the Corporation or its transfer agent; 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 last known address as recorded in the records of the Corporation; and
- (i) **"Shareholder"** means the registered holder of shares in the Corporation;

1.2 All terms which are contained in the By-laws of the Corporation and which are defined in the Act but not defined in any By-law shall have the meanings given to such terms in the Act; words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

1.3 Each and every term, provision, clause and section of this By-law is expressly made and declared to be subject to and subservient to any agreement made, at any time whatsoever, between or among all of the Shareholders of the Corporation and of which agreement the Corporation has notice, or to which agreement the Corporation is a party.

ARTICLE 2 **BUSINESS OF THE CORPORATION**

2.1 Registered Office. Until changed in accordance with the Act, the registered office of the Corporation shall be located at such location within Canada as the Board may from time to time determine.

2.2 Execution of Instruments. Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons, one of whom holds the office of Chairman of the Board, President, Managing Director, Vice-President or Director and the other of whom holds any office created by By-law or by resolution of the Board. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.3 Voting Rights in Other Bodies Corporate. The signing officers of the Corporation may execute and deliver proxies and/or arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons, as may be determined by the officers executing such proxies and/or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.4 Withholding Information From Shareholders. Subject to the provisions of the Act, the Board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of Shareholders and no Shareholder shall have any right to inspect any account record or document of the Corporation except as conferred by the Act or authorized by the Board by resolution.

ARTICLE 3
DIRECTORS

3.1 Number of Directors and Quorum. Until changed in accordance with the Act, the Board shall consist of not fewer than one (1) and not more than twenty (20) Directors. A quorum for the transaction of business at any meeting of the Board shall consist of a majority of Directors then in office or such greater number of Directors as the Board may from time to time determine.

3.2 Election and Term. The election of Directors shall take place at the first meeting of Shareholders and at each annual meeting of Shareholders and all the Directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of Directors to be elected at any such meeting shall be the number of Directors then in office unless the Directors or the Shareholders otherwise determine. The election shall be by resolution. If an election of Directors is not held at the proper time, the incumbent Directors shall continue in office until their successors are elected.

3.3 Removal of Directors. Subject to the provisions of the Act, the Shareholders may by resolution passed at a special meeting or by resolution in writing signed by all of the Shareholders entitled to vote on that resolution at a meeting of Shareholders, remove any Director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the Directors.

3.4 Vacation of Office. A Director ceases to hold office when:

- (a) he dies;
- (b) he is removed from office by ordinary resolution of the Shareholders at a special meeting or by a resolution in writing signed by all of the Shareholders entitled to vote on that resolution at a meeting of Shareholders;
- (c) he ceases to be qualified for election as a Director;
- (d) his written resignation is sent or delivered to the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later; or
- (e) he is not re-elected and his successor is elected.

3.5 Vacancies. Subject to the provisions of the Act, a quorum of the Board may fill a vacancy in the Board, except a vacancy resulting from an increase in the minimum number of Directors or from a failure of the Shareholders to elect the minimum number of Directors. In the absence of a quorum of the Board, or if a vacancy has arisen from a failure of the Shareholders to elect the minimum number of Directors, the Board shall forthwith call a special meeting of Shareholders to fill the vacancy. If the Board fails to call such meeting or if there are no such Directors then in office, any Shareholder may call the meeting. Where there is a vacancy in the Board, the remaining Directors may exercise all the powers of the Board so long as a quorum remains in office. Where the Corporation has only one Director, that Director may constitute that meeting.

3.6 Participation. If all the Directors consent, a Director may participate in a meeting of the Board or of a committee of the Board by means of such telephonic, electronic or other

communications facilities as permit all persons participating in the meeting to communicate adequately with each other, and a Director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board held while a Director holds office.

3.7 Place of Meetings. Meetings of the Board may be held at any place in Canada.

3.8 Calling of Meetings. Meetings of the Board shall be held from time to time and at such place as the Board, failing which, the Chairman of the Board, failing whom, the Managing Director, failing whom, the President, failing whom, any two Directors, may determine.

3.9 Notice of Meeting. Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section 8.1 to each Director not less than two (2) days (not including Non-Business Days) before the time when the meeting is to be held. A notice of meeting of Directors need not specify the purpose of the business to be transacted at the meeting except where the Act requires such purpose or business to be specified. A Director may in any manner waive notice of or otherwise consent to a meeting of the Board.

3.10 Adjourned Meeting. If a meeting of the Board is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of Directors is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

3.11 Regular Meetings. The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

3.12 Chairman. The Chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a Director and is present at the meeting: Chairman of the Board, Managing Director, President, or a Vice-President who is a Director. If no such officer is present, the Directors present shall choose one of their number to be a Chairman.

3.13 Votes to Govern. At all meetings of the Board 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 not be entitled to a second or casting vote.

3.14 Conflict of Interest. A Director or officer who is a party to, or who is a Director or officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of Directors of the Corporation the nature and extent of his interest at the time and in the manner provided for by the Act. Any Director or officer so interested shall not vote on any resolution to approve the contract except in the manner and to the extent provided in the Act.

ARTICLE 4
OFFICERS

4.1 Appointment. Subject to any applicable unanimous shareholder agreement, the Board may from time to time appoint such officers as the Board may determine. The Board may specify the duties of any such officers.

4.2 Term of Office. The Board, in its discretion, by ordinary resolution, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the Board shall hold office until his successor is appointed.

ARTICLE 5
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

5.1 Limitation of Liability. No Director or officer shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for joining in any other act or conformity, or for any loss, damage or expense occurring 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 monies 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 monies, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any Director or officer from the duty to act in accordance with the Act or from liability for any breach of the provisions thereof.

5.2 Indemnity. Subject to the limitations contained in the Act, the Corporation may indemnify a Director or an officer of the Corporation, a former Director or officer of the Corporation, 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 (or a person who undertakes or has undertaken any liability on behalf of the Corporation or any such body corporate) and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he has been made a party by reason of being or having been a Director or officer of the Corporation or such body corporate (or having undertaken any such liability), 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 so indemnify such a person as aforesaid who has been substantially successful in the defence 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

body corporate against all costs, charges and expenses reasonably incurred by him in respect of such acts or proceedings, despite subsections (a) and (b) above.

5.3 Insurance. Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its Directors and officers as such, as the Board may from time to time determine.

ARTICLE 6 **MEETINGS OF SHAREHOLDERS**

6.1 Annual Meetings. The annual meeting of Shareholders shall be held at such time in each year and, subject to Section 6.3, at such place as the Board, failing which, the Chairman of the Board, failing whom, the Managing Directors, failing whom, the President may from time to time determine, for the purposes of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing Directors, appointing or waiving the appointment of auditors and for the transaction of such other business as may properly be brought before the meeting.

6.2 Special Meetings. The Board, the Chairman of the Board, the Managing Director or the President shall have power to call a special meeting of Shareholders at any time, and the holders of not less than a majority of the issued shares of the Corporation that carry the right to vote at a meeting shall have power to call a special meeting of Shareholders at any time.

6.3 Place of Meetings. Meetings of Shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situate or, if the Articles so provide, or if the Board shall so determine, at some other place in Canada or, if all the Shareholders entitled to vote at the meeting so agree, at some place outside Canada.

6.4 Notice of Meetings. Notice of the time and place of each meeting of Shareholders shall be given not less than 21 or more than 60 days before the date of the meeting to each Director, to the auditor, if any, and to each Shareholder who at the close of business on the record date for notice, if any, is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of Shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of Directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the Shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. Any person entitled to notice may in any manner waive notice of or otherwise consent to a meeting of Shareholders.

6.5 List of Shareholders Entitled to Notice. For every meeting of Shareholders, the Corporation shall prepare a list of Shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each Shareholder. If a record date for the meeting is fixed pursuant to Section 6.6, the shareholders list shall be prepared no later than 10 days after such record date. If no record date is fixed, the Shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which the notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any Shareholder during usual business hours at the registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting is held.

6.6 Record Date for Notice. The Board may fix in advance a record date, preceding the date of any meeting of Shareholders by not more than 60 days and not less than 21 days, for the determination of shareholders entitled to notice of the meeting, provided that notice of any such record date is given not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the Shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which notice is given.

6.7 Meetings without Notice. A meeting of Shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the Shareholders entitled to vote thereat are present in person or represented by a proxy or if those not present or represented by a proxy waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditors, if any, and the Directors are present or waive notice of or otherwise consent to such meeting being held;

and at such meeting any business may be transacted which the Corporation at a meeting of Shareholders may transact. If the meeting is held at a place outside Canada, Shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

6.8 Chairman, Secretaries and Scrutineers. The Chairman of any meeting of Shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: President, Managing Director, Chairman of the Board, or a Vice-President who is a Shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be Chairman. If the Secretary of the Corporation is absent, the Chairman shall appoint some person, who need not be a Shareholder, to act as Secretary of the meeting. If desired, one or more scrutineers, who need not be Shareholders, may be appointed by a resolution or by the Chairman with the consent of the meeting.

6.9 Persons Entitled to be Present. The only persons entitled to be present at a meeting of Shareholders shall be those entitled to vote thereat, the Directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or By-laws to be present at the meeting. Any other person may be admitted only with the consent of the meeting expressed by resolution passed at the meeting.

6.10 Quorum. A quorum for the transaction of business at any meeting of Shareholders shall be those persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxy for an absent Shareholder so entitled and together holding or representing by proxy a majority of the issued and outstanding shares of the Corporation entitled to vote at the meeting. If a quorum is present at the opening of any meeting of Shareholders, the Shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of Shareholders, the Shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

6.11 Right to Vote. Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of Shareholders in respect of which the Corporation has prepared the list referred to in Section 6.5, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except where the Corporation has fixed a record date in respect of such meeting pursuant to Section 6.5, to the extent that such person has transferred any of his shares after such record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than 10 days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of Shareholders, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

6.12 Proxies. Every Shareholder entitled to vote at a meeting of Shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be Shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the Shareholder or his attorney and shall conform with the requirements of the Act.

6.13 Time for Deposit of Proxies. Subject to the Act, the Board may specify in a notice calling a meeting of Shareholders a time, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or with an agent thereof specified in such notice, or, if no such time is specified in such notice, unless it has been received by the Secretary of the Corporation or by the Chairman of the meeting or any adjournment thereof prior to the time of voting.

6.14 Joint Shareholders. If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of Shareholders may, in the absence of the other or others, vote their shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one on the shares jointly held by them.

6.15 Votes to Govern. At any meeting of Shareholders every question shall, unless otherwise required by the Articles, By-laws, Unanimous Shareholders' Agreement, or under the Act, be determined by the majority of 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 not be entitled to a second or casting vote.

6.16 Show of Hands. Subject to the provisions of the Act, any question at a meeting of Shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by a show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the Chairman of the meeting that the vote upon the question has been carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Shareholders upon the said question.

6.17 Ballots. On any questions proposed for consideration at a meeting of Shareholders, and whether or not a show of hands has been taken thereon, any Shareholder or proxyholder

entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the Chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles and the result of the ballot so taken shall be the decision of the Shareholders upon the said question.

6.18 Resolution in Writing. A resolution in writing signed by all the Shareholders entitled to vote on that resolution at a meeting of Shareholders is as valid as if it had been passed at a meeting of the Shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a Director or the auditor of the Corporation in accordance with the Act.

ARTICLE 7

LIEN FOR INDEBTEDNESS

7.1 Lien. If the Articles provide that the Corporation shall have a lien on shares registered in the name of a Shareholder indebted to the Corporation, such lien may be enforced, subject to any other provision of the Articles and to any applicable unanimous shareholder agreement, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, may refuse to register a transfer of the whole or any part of such shares.

ARTICLE 8 **NOTICES**

8.1 Method of Giving Notices. Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, 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.

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

8.3 Computation of Time 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 date of giving the notice shall be excluded and the date of the meeting or other event shall be included.


8.4 Undelivered Notices. If any notice given to a Shareholder pursuant to Section 8.1 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such Shareholder until he informs the Corporation in writing of his new address.

8.5 Omissions and Errors. The accidental omission to give any notice to any Shareholder, Director, officer, auditor or member or a committee of the Board, or the non-receipt of any notice to any Shareholder, Director, officer, auditor or member or a committee of the Board or any error contained in any such notice not affecting the substance of the notice shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

8.6 Persons Entitled by Death or Operation of Law. Subject to the provisions of any unanimous shareholders agreement, 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.

8.7 Waiver of Notice. A Shareholder (or his duly appointed proxyholder), 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 any provision of the Act, the regulations thereunder, the Articles, the By-laws or otherwise and such waiver or abridgement 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 which may be given in any manner.

ENACTED this 2nd day of June, 2010.



First Director