

MAJOR DRILLING GROUP INTERNATIONAL INC.

BY-LAW NO. 1

A by-law regulating generally the transaction of the business and affairs of Major Drilling Group International Inc.

Section 1

INTERPRETATION

1.1 **Definitions.** In this by-law, which may be cited as the General By-law, unless the context otherwise requires:

“Act” means the *Canada Business Corporations Act*, and any statute that may be substituted therefor, as from time to time amended;

“Board” means the Board of Directors of the Corporation;

“Corporation” means Major Drilling Group International Inc.;

“meeting of shareholders” means any meeting of shareholders including an annual meeting;

“non-business day” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario);

“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 two or more; and in the case of a director, officer or auditor, his latest address as recorded in the records of the Corporation.

1.2 **Construction.** Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

Section 2

MEETINGS OF SHAREHOLDERS

- 2.1 **Meetings of Shareholders.** The Board or the President may call a meeting of shareholders, other than an annual meeting of shareholders, at any time.
- 2.2 **Chairman, Secretary and Scrutineers.** The chairman of any meeting of shareholders shall be the chairman of the Board, or in his absence, the chairman of the audit committee, or in his absence, any other director of the Corporation. If no such person is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to act as chairman. The secretary of any meeting of shareholders shall be the Secretary of the Corporation. If the Secretary is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. The chairman may appoint one or more persons who need not be shareholders to act as scrutineers at the meeting.
- 2.3 **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, the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles to be present. Any other person may be admitted with the consent of the meeting or of the chairman of the meeting.
- 2.4 **Quorum.** Except as otherwise provided in the articles of the Corporation, a quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder for such a shareholder and together holding or representing by proxy not less than 25% of the outstanding shares of the Corporation entitled to be voted at the meeting.
- 2.5 **Meetings by Telephonic or Electronic Means.** The Board may determine the manner in which meetings will be held. A meeting of the shareholders may be held by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. To the extent permitted by the Act, the directors may provide for the depositing and tabulation of proxies by means of telephone, electronic or other communication facility and a person entitled to vote at a meeting of shareholders may vote by means of telephone, electronic or other communication facility the Corporation has made available for that purpose.

Section 3

DIRECTORS

- 3.1 **Number of Directors.** Subject to the articles, the number of directors of the Corporation may be fixed from time to time by resolution of the Board.
- 3.2 **Term of Office.** Subject to Section 3.3 hereof, each director shall be elected to hold office until the close of the first annual meeting of shareholders following his election.
- 3.3 **Qualification of Directors.** A director ceases to hold office (a) when he ceases to be qualified as a director under the articles or (b) should he be a salaried officer of the Corporation other than the President or the Chief Financial Officer, when he ceases to be a salaried officer of the Corporation.
- 3.4 **Quorum.** A majority of the directors shall form a quorum of the Board.
- 3.5 **Meeting Following Annual Meeting.** The Board shall meet without notice as soon as practicable after each annual meeting of shareholders to transact such business as may come before the meeting and to appoint by election:
- (a) the President;
 - (b) the Chief Financial Officer;
 - (c) one or more Vice-Presidents;
 - (d) such other officers as the Board chooses to appoint; and
 - (e) members of such committees as the Board chooses to appoint, together with a chairman of each such committee.
- 3.6 **Other Meetings of the Board.** Meetings of the board shall be held from time to time at a time and place determined by the chairman of the Board or any two directors.
- 3.7 **Notice of Meeting.** Subject to any resolution of the Board, notice of the time and place of each meeting of the Board requiring notice shall be given to each director not less than two days (excluding non-business days) before the date on which the meeting is to be held.
- 3.8 **Chairman.** Subject to the provisions of any resolution of the directors, the chairman of the board, or in his absence, the chairman of the audit committee, will act as chairman of

the meeting. If no such person is present, the directors present shall choose one of their number to act as chairman of the meeting.

- 3.9 **Votes to Govern.** At all meetings of the Board, every question shall be decided by a majority of the votes cast. The chairman of any meeting of directors may vote as a director and, in the event of equality of votes, the chairman will not be entitled to a casting vote.
- 3.10 **Remuneration.** No director who is a salaried officer of the Corporation shall be entitled to any remuneration for the performance of his duties as a director. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

Section 4

COMMITTEES

- 4.1 **Committees.** The Board shall appoint annually members of an Audit Committee and a Compensation Committee and such additional committees as it deems necessary and, subject to the Act, delegate to the committees such powers of the Board and assign to the committees such duties, as the Board considers appropriate.
- 4.2 **Composition of Committees.** Each of the committees appointed shall consist of not less than three nor more than five directors, at least a majority of whom in the case of the Audit and Compensation Committees shall not be officers of the Corporation or any subsidiary of the Corporation, or directors or officers of any corporation owning more than 20% of the voting shares in the capital of the Corporation.
- 4.3 **Operation of Committees.** In the case of each committee, a majority of members shall constitute a quorum for the transaction of business. The Board shall appoint a chairman of each committee. Each committee shall meet at the call of its chairman. All acts or proceedings of any committee shall be reported to the Board at or before the next meeting thereof.

Section 5

THE TRANSACTION OF BUSINESS

- 5.1. **Execution of Instruments.** All instruments and documents of whatsoever kind may be signed on behalf of the Corporation by any one of the President, the Chief Financial Officer, a Vice-President, the Secretary, the Treasurer or the Controller or by any two directors. In addition, the Board may from time to time determine the manner in which and the person or persons by whom any particular instrument or document or class of instruments or documents may or shall be signed, including the use of facsimile reproduction of any or all signatures and the use of the corporate seal or a facsimile reproduction thereof.
- 5.2. **Cheques.** The Board may from time to time authorize the signing and countersigning of cheques and other financial instruments by means of a facsimile signature or otherwise.

Section 6

DIVIDENDS

- 6.1. **Dividends.** The Board may from time to time declare dividends payable to shareholders according to their respective rights.
- 6.2. **Dividend Payment.** A dividend payable in money may be paid by cheque drawn on the Corporation's bankers, or one of them, to the order of each registered holder of shares of a class or series in respect of which the dividend has been declared, and mailed by prepaid ordinary mail to such registered holder at his recorded address. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The Corporation may pay a dividend by cheque to a registered holder or to joint holders other than in the manner herein set out, if the registered holder or joint holders so request.
- 6.3. **Idem.** The Corporation may, when so directed by a registered holder of a share in respect of which a dividend in money has been declared, pay the dividend in the manner so directed.

- 6.4. **Non-receipt or Loss of Dividend Cheques.** In the event of non-receipt or loss of any dividend cheque by the person to whom it is sent, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement or expenses and evidence of non-receipt or loss and of entitlement as the Board or the Chief Financial Officer may from time to time prescribe, whether generally or in a particular case.

Section 7

PROTECTION OF DIRECTORS AND OFFICERS

- 7.1. **Limitation of Liability.** No director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer, employee or agent, or for joining in any receipt or 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 by, 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 placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 7.2. **Indemnity.** The Corporation shall indemnify a director or 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, and his heirs and legal representatives, to the extent permitted by the Act or otherwise by law.

Section 8

NOTICES

- 8.1. **Omissions and Errors.** The accidental omission to give any notice to any shareholder, director, officer or auditor 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 to which the notice related.
- 8.2. **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, becomes 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.
- 8.3. **Waiver of Notice.** A shareholder, proxyholder, director, officer or auditor 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 or otherwise and such waiver or abridgment, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default or defect in the giving or in the time of such notice, as the case may be. Any such waiver or abridgment shall be in writing except a waiver of notice of a meeting of shareholders or of the Board or of a committee of the Board which may be given in any manner.

Section 9

REPEAL

- 9.1. **Repeal.** All previous by-laws of the Corporation are repealed on the coming into force of this by-law.