

BY-LAWS OF WILLINGDON SEED CLEANING CO-OPERATIVE LIMITED

A Cooperative under the Cooperatives Act

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IT IS HEREBY ENACTED as By-law No. 1 of Willingdon Seed Cleaning Cooperative Limited (hereinafter called the **Cooperative**) as follows and effective on the _____ day of _____, 2004.

**SECTION ONE
INTERPRETATION**

1.01 DEFINITIONS

In the by-laws of the Cooperative, unless the context otherwise requires:

- (a) **"Act"** means the Cooperatives Act of Alberta, statutes of Alberta 2001, Chapter C-28.1 and any amendments to that statute and any statute that may be substituted therefore;
- (b) **"appoint"** includes elect and vice versa;
- (c) **"articles"** means the Articles of Incorporation and Articles of Continuance of the Cooperative as from time to time amended or restated;
- (d) **"Board"** means the Board of directors of the Cooperative;

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- (e) "by-laws" means this by-law as amended from time to time and any other by-laws of the Cooperative from time to time in force and effect;
 - (f) "meeting of Members" means any meeting of Members, including any meeting of one or more classes or series of Members;
 - (g) "record address" means, in case of a Member, the address as recorded in the Membership List of the Cooperative as at the record date and, in the case of a Director, Officer, auditor or Member of a committee of the Board of Directors, the latest address of that individual reported in the records of the Cooperative as at the record date.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number 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.

1.02 CONFLICT WITH THE ACT OR ARTICLES OR ANY UNANIMOUS AGREEMENT

To the extent of any conflict between the provisions of the by-laws and the provisions of the Act, the articles or any unanimous agreement relating to the Cooperative, the provisions of the Act, the articles or the unanimous agreement shall govern.

1.03 HEADINGS AND SECTIONS

The headings used throughout the by-laws are inserted for convenience of reference only and are not to be used as an aid in the interpretation of the by-laws. Sections followed by a number means or refers to the specified section of this by-law.

1.04 INVALIDITY OF ANY PROVISION OF BY-LAWS

The invalidity or unenforceability of any provision of the by-laws shall not effect the validity or enforceability of the remaining provisions of the by-laws.

SECTION TWO MEMBERS AND RIGHTS OF MEMBERSHIP

2.01 OPEN MEMBERSHIP

Membership in the Cooperative shall be open to all people who are in agreement with aims and the purposes of the Cooperative regardless of race, religion, nationality, political opinion or social position and in compliance with the Human Rights, Citizenship and Multi-Culturalism Act of Alberta.

2.02 Notwithstanding the open membership provisions of these By-laws:

- (a) All Applications for membership must be made by a person who is resident in the Province of Alberta.
- (b) All members must be 18 years of age or older.
- (c) All Applications for membership require approval of the Board of Cooperative.
- (d) All membership shall comply with Willingdon Seed Cleaning Cooperative Plant Policy.

2.03 Notwithstanding anything contained herein to the contrary, all members of the Cooperative as at the date of continuance of the Cooperative shall be deemed to be members of the Cooperative immediately upon issuance of a Certificate of Continuance under the Act. Such Members shall hold the same Membership Shares as were held by such Members prior to the continuance of the Cooperative.

2.04 All Applications for membership in the Cooperative must be in writing on such Membership Application forms as may be approved by the Board of the Cooperative from time to time. All Applications shall be accompanied by proof, in form satisfactory to the Board, that the Applicant meets the criteria set forth in Bylaw 2.02 (a) and 2.02 (b).

2.05 There shall be no fee payable to become a Member of the Cooperative but each Member shall acquire the minimum number of Shares in the Cooperative as specified in the Articles of the Cooperative, provided further that no member may hold a greater number of Shares in the Cooperative as is specified, if any, in the Articles of the Cooperative. Unless otherwise authorized by the Board, payment in full for such Shares must be made concurrent with the Application for Membership in the Cooperative.

2.06 There shall be no auxiliary Members of the Cooperative allowed.

2.07 Membership Share Capital may not be transferred.

2.08 A Member may at any time withdraw from Membership in the Cooperative by providing written notice to the Cooperative. Unless otherwise determined by the Board, the withdrawal is effective THIRTY (30) days from the later of:

- (a) The day stated in the Notice of Withdrawal; and
- (b) The date on which the Cooperative receives the Notice.

2.09 No later than ONE (1) year after the Effective Date of the Notice of the voluntary withdrawal of the Member the Cooperative must:

- (a) Redeem all Membership Shares held by the Withdrawing Shareholder at a redemption price equal to the par value of the Membership Shares issued; and

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(b) Repay to the Member all Member Loans; if any, all other amounts held to the Member's Credit, if any, and all amounts outstanding on loans made to the Cooperative by the Member, if any, together with any accrued interest accrued on those amounts up to the date of payment.

2.10 Notwithstanding anything contained in Bylaw 2.09 herein to the contrary, the Directors of the Cooperative may delay redemption and payment of the amount payable to the Member on withdrawal if:

(a) The Directors believe, on reasonable grounds, that the redemption or payment would effect the financial well being of the Cooperative; or

(b) The Directors believe, on reasonable grounds, that:

- (i) The Cooperative is, or after the redemption or payment would be, unable to pay its liabilities as they become due, or
- (ii) The realizable value of the Cooperative's assets after the redemption or payment would be less than the total of (A) its liabilities and (B) the amount that would be required to pay the holders of Shares that have a right to be paid, on redemption or liquidation rateably with or in priority to the holder of the Shares to be purchased or redeemed.

2.11 Unless the Board otherwise decide:

(a) The withdrawal or termination of a Member from the Cooperative does not release the Member from any debt or obligation to the Cooperative or contract with the Cooperative: and

(b) Despite Bylaw 2.09 the Cooperative need not repay to the Member amounts outstanding on loans made to the Cooperative that have a fixed maturity date, until the date arrives.

2.12 The Directors of the Cooperative may terminate the Membership of a Member by Special Resolution of the Board. The Cooperative must give to the Member written notice of the termination and the reasons for it with Ten (10) days after the date on which the Special Resolution of the Board terminating Membership is made. The Effective Date of the termination is the later of:

(a) The date specified in the written notice; and

(b) TWENTY(20) days after the Member receives the Notice.

2.13 Within THIRTY (30) days after receiving the Notice of Termination of Membership, the Member may give to the Cooperative written notice of his intention to appeal the decision of the Directors at the next meeting of the Members. If a Member gives written notice of intention to appeal the Member remains a Member until the Appeal is determined.

2.14 If a Member appeals a Termination of Membership, a vote of Members must be taken at the next meeting of the Members of the Cooperative as to whether the Termination of Membership should be effective as at the date referred to in Bylaw 2.12. The vote of the Membership must be by ordinary resolution.

2.15 A person whose Membership has been terminated by the Directors may be readmitted to Membership by the Directors. A person whose Membership has been terminated by the Members may be readmitted to the Membership by the Members. The readmission to the Membership may be with or without conditions as determined by the Directors.

2.16 Upon termination of Membership by the Directors, the rights of redemption and payment as specified in Bylaw 2.10 shall apply.

2.17 If a Membership has been terminated and the Member is readmitted prior to the Cooperative paying out the amounts to be paid to the Member under Bylaw 2.16, the readmission shall be considered a readmission to Membership. If the Member is readmitted after the Cooperative has paid out the amounts to be paid to the Member under Bylaw 2.16, such readmission shall be considered an Application for Membership and the Member shall be required comply with all Membership Application criteria in the Act, Articles and these Bylaws.

2.18 Share Certificates shall be issued as evidence of ownership of Membership Shares in the Cooperative.

2.19 The Board may, from time to time, make rules and regulations consistent with these Bylaws, with respect to the appointment or election of delegates to represent Members at meetings.

2.20 All Members shall have the right to utilize the services of the Cooperative upon payment of fees, if any, for such services set by the Board from time to time.

2.21 Members of a Cooperative and their legal representatives may, for any legitimate business reason, request that the Cooperative provide them with a list of the Members of the Cooperative. A request for the list of Members must be accompanied by :

- (a) A reasonable fee set by the Board, from time to time.
- (b) The name and address of the Applicant;
- (c) An undertaking that the list of Members will not be used except for legitimate business purposes.

A Cooperative must provide the list of Members no later than TEN (10) days after the Cooperative receives a complete and valid request under this Bylaw 2.21. Notwithstanding anything contained herein to the contrary, a Member may advise the Cooperative in writing at any time and from time to time that that Member's name is not to be included any list referred to

in this Bylaw 2.21 in which case the Cooperative must delete that name from the list and, on providing such list in accordance with this Bylaw, must mention that the list is incomplete.

SECTION THREE VOTING/VOTING RIGHTS/MEETINGS OF MEMBERS

3.01 Irrespective of the number of Membership Shares held by a Member, each Member has ONE (1) vote for all matters to be determined by Members.

3.02 All votes of Members at meetings shall be by show of hands, provided that upon request of TWENTY FIVE (25) percent of the Members entitled to vote at any meeting of Members, a vote by ballot must be taken. Such request for a ballot vote may be made either before or after vote by show of hands.

3.03 Notwithstanding the provisions of Bylaw 3.03 meetings of the Members of the Cooperative may be entirely by telephone or electronic means where all Members present at such meeting can be heard. In addition, voting by Members maybe by mail ballot on any matter. The Board may make rules and regulations concerning the times, matters and procedures to be followed concerning the use of the electronic meetings and mail in ballots.

3.04 All meetings of the Members of the Cooperative shall be held in Alberta at such place within the municipal district or county where the Cooperative is located as is reasonably chosen by the Board of the Cooperative.

3.05 TEN (10%) percent of the members in good standing in the Cooperative may requisition a meeting of the Members. Such requisition must comply with the provisions of the Act and the regulations thereunder.

3.06 A Resolution in writing signed by all of the persons who are entitled to vote on that Resolution at the meeting of the Members of the Cooperative is as valid as if it had been past at the meeting except when a written statement is submitted under Section 67 or Section 241 (5) of the Act.

3.07 At a meeting of Members, one tenth of the Members of the Cooperative or, if the Board has made provision to allow for delegates, their authorized delegates, constitute a quorum. If the Cooperative has a Membership of more than FIVE HUNDRED (500) Members, FIFTY (50) Members constitute a quorum if before commencement of the meeting those Members in attendance consent to the quorum reduction by a majority vote. If within ONE (1) hour after the time appointedd for the meeting of Members a quorum is not present:

- (a) The meeting, if called by Members, shall be dissolved; and
- (b) If not so called, the meeting stands adjourned until the same day, time and place in the following week.

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If within ONE (1) hour after the time appointed for the adjourned meeting a quorum is not present, the chairperson may call for a resolution to the effect that those present at that time constitute a quorum and be empowered to transact the business to be brought before the meeting. If the resolution is passed by a majority vote of Members present and recorded in the Minutes, the meeting shall then proceed and those Members present constitute a quorum. If a quorum is present at the opening of a meeting, the persons who are present and entitled to vote may proceed with the business of the meeting even though a quorum is not present throughout the meeting.

SECTION FOUR DIRECTORS/MEETINGS OF DIRECTORS

4.01 Upon continuance of the Cooperative, all Directors in office prior to the continuance shall, at the date of issuance of the Certificate of Continuance, remain in office as Directors of the Cooperative.

4.02 The following shall apply with respect to the election of Directors:

- (a) Subject to those Directors as authorized by the Articles of the Cooperative to be appointed by any government authority, all Directors must be elected by Members, or, if the Board has provided for delegates, by delegate of the Members.
- (b) All Directors must be resident in Alberta and other than for those appointed by the Articles by any government authority must be Members in good standing of the Cooperative.
- (c) The term of office for the Directors shall not exceed THREE (3) years, although Directors may be re-elected.
- (d) A vacancy on the Board may be filled by the Board but such appointment shall expire at the next annual meeting of the Cooperative.
- (e) Subject to the Articles, the number of Directors shall be determined from time to time by ordinary Resolution of the Members.

4.03 A person is disqualified from becoming or continuing as a Director if that person:

- (a) Is not an individual;
- (b) Is under the age of EIGHTEEN (18) years of age;
- (c) Is an individual who:

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- (i) is a dependent adult as defined in the Dependent Adult Act or is the subject of a Certificate of Incapacity under that Act.
 - (ii) is a formal patient as defined in the Mental Health Act.
 - (iii) is the subject of an Order under the Mentally Incapacitated Persons Act appointing a committee of the individual person or estate or both; or
 - (iv) has been found to be a person of unsound mind by a Court elsewhere in the Province of Alberta
 - (v) has the status of a bankrupt.

4.04 CALLING AND NOTICE OF MEETINGS

Meetings of the Board shall be called and held at such time and at such place as the Board, the chairman of the Board, the president or any two Directors may determine and the Secretary or any other officer shall give notice of meetings when directed or authorized by such persons. A quorum of the Board of Directors shall be a majority of the Directors of the Board. Notice of each meeting of the Board shall be given to each Director no less than 48 hours before the time when the meeting is to be held, provided that, if a quorum of Directors is present, the Board may without notice hold a meeting immediately following an annual meeting of Members. Notice of a meeting of the Board may be given verbally, in writing or by telephone, telegraph, facsimile transmission or any other means of communication. A notice of a meeting of Directors need not specify the purpose of or the business to be transacted at the meeting, except where required by the Act. Notwithstanding the foregoing, the Board may from time to time fix a day or days in any month or months for regular meetings of the Board at a place and hour to be named, in which case, provided that a copy of any such resolution is sent to each director forthwith after being passed and forthwith after each director's appointment, no other notice shall be required for any such regular meeting except where the Act requires specification of the purpose or the business to be transacted thereat.

4.05 PLACE OF MEETINGS

Meetings of the Board may be held at any place in or outside Alberta. A director who attends a meeting of Directors, in person or by telephone is deemed to have consented to the locations of the meeting except when he attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

4.06 MEETINGS BY TELEPHONE

With the consent of the Chairman of the meeting or majority of the Directors present at the meeting, a Director may participate in a meeting of the Board or of a committee of the Board by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other. A Director participating in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

4.07 CHAIRMAN

The Chairman of any meeting of the Board shall be the director present and willing so to act at the meeting who is the first mentioned of the following officers as have been appointed: chairman of the Board, president or a vice-president (in order of seniority). If no such other officer is present and willing to act, the directors present shall choose one of their number to be chairman.

4.08 ACTION BY THE BOARD

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 vote. The powers of the board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all of the directors who would be entitled to vote on that resolution at a meeting of the Board. Resolutions in writing may be signed in counterparts.

4.09 ADJOURNED MEETING

Any meeting of Directors may be adjourned from time to time by the Chairman of the Meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

4.10 OFFICERS

The Board from time to time may appoint one or more officers of the Cooperative and, without prejudice to the rights under any employment contract, may remove any officer of the Cooperative. The powers and duties of each Officer of the Cooperative shall be those determined from time to time by the Board, and in the absence of such determination, shall be those usually incidental to the office held.

4.11 AGENTS AND ATTORNEYS

The Board shall have the power from time to time to appoint agents or attorneys for the Cooperative in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

4.12 TRANSACTION OF BUSINESS

The powers of any committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the Members of such committee who would have been entitled to vote on the resolution at a meeting of the committee. At all meetings

of committees 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. Resolutions in writing may be signed in counterparts.

4.13 PROCEDURE

Unless otherwise determined by the Board, a quorum for meetings of any committee shall be a majority of its Members, each committee shall have the power to appoint its chairman and the rules for calling, holding, conducting and adjourning meetings of the committee shall be the same as those governing the Board. Each Members of a committee shall serve during the pleasure of Board of Directors, and in any event, only so long as he shall be a Director. The Directors may fill vacancies in a committee by appointment from among their Members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its Members.

4.14 LIMITATION OF LIABILITY

No director or officer for the time being of the Cooperative shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, deficiency of title to any property acquired by the Cooperative or for or on behalf of the Cooperative or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Cooperative shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or Cooperative including any person, firm or Cooperative with whom or with which 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 of or belonging to the Cooperative or for any other loss, damage or misfortune whatsoever 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 exercise the powers and to discharge the duties of his office honestly, in good faith and with a view to the best interests of the Cooperative and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances,

4.15 INDEMNITY

The Cooperative shall, to the maximum extent permitted under the Act, indemnify a Director or Officer, a former Director or Officer, and a person who acts or acted at the Cooperative's request as a Director or Officer of a body corporate of which the Cooperative is or was a Shareholder or creditor and his heirs and legal representatives, against all costs, charges and expenses, including any 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 Cooperative or such body Cooperative, including (without limitation) any such action by or on behalf of the Cooperative or such body corporate to procure a Judgement in its favour, and the Cooperative shall use its reasonable best efforts to obtain any approval or approvals necessary for such indemnification.

4.16 The Directors of the Cooperative may, without the authorization of the Members:

- (a) Borrow money on behalf of the Cooperative.
- (b) Give debt obligations on behalf of the Cooperative.
- (c) Subject to the provisions of the Act, give guarantees by the Cooperative.
- (d) Create security interest in the Cooperative's property.
- (e) Delegate any power referred to in the immediately preceding subclauses.

4.17 Subject to the Articles of the Cooperative the Directors may:

- (a) Designate the offices of the Cooperative.
- (b) Specify the powers and duties of each office.
- (c) Appoint any individual EIGHTEEN (18) years or older, including any Director, to be an Officer of the Cooperative.
- (d) Appoint ONE (1) individual to hold more than one office in the Cooperative.
- (e) Delegate to the Officers the power to manage the business and affairs of the Cooperative except that the Directors may not delegate a power given to the Directors in accordance with Section 89 (3) of the Act.

SECTION FIVE PATRONAGE DIVIDENDS

5.01 The Cooperative may allocate among and pay to its Members as a patronage return all or part of the surplus of the Cooperative in any financial year in proportion to the business done by the Members with or through the Cooperative in that financial year calculated in the manner provided for in the Act. The rate of patronage return shall be set by the Board, or in default of the Board setting such rate, by the members by ordinary Resolution.

5.02 A Cooperative may, in accordance with this Bylaw, require Members to lend to it, the whole or any part that the Directors may determine of the patronage returns to which such Members become entitled in each financial year on the terms and on the rate of interest that the Directors determine.

SECTION SIX OTHER PROVISIONS

6.01 If a liquidator is appointed to liquidate the Cooperative, the liquidator must provide notice to each of the Members of the Cooperative by single registered mail at the last known address of the Member as evidenced on the Membership list of the Cooperative. The notice of liquidation must state with reasonable particulars that the liquidator has made adequate provision for payment of all claims against the Cooperative and provide particulars of the request of approval of the final accounts of the liquidator and setting forward the proposed distribution in money or in kind of the remaining property of the Cooperative to the Members of the Cooperative.

6.02 In the event of the liquidator of the Cooperative, after paying or making adequate provision for all claims against the Cooperative, any surplus of the Cooperative must be distributed either by payment or in kind of the remaining property of the Cooperative to the Members of the Cooperative. Such surplus must be distributed pro-rata based upon the number of Membership Shares held by the Members of the Cooperative irrespective of whether such Membership Shares are held jointly or otherwise.

6.03 The Directors of the Cooperative may, by ordinary Resolution, make a Bylaw of the Cooperative or amend any existing Bylaw of the Cooperative but any Bylaw or amendment made by the Directors to any Bylaws may not be contrary to Bylaw made by the Members. The Directors must present a Bylaw or an amendment to a Bylaw made by the Directors to the Members at the next meeting of the Members and the Members may confirm or amend the Bylaw as proposed by the Directors. If a Bylaw or an amendment to a Bylaw is made by the Directors and is not submitted to the Members or is not confirmed by the Members, the Bylaw amendment is repealed as of the date of the meeting of the Members at which it was not confirmed.

SECTION SEVEN ADDITIONAL PROVISIONS

(Put in this Section those Bylaws that are specific to your cooperative)

7.01 The Directors shall create such reserve funds for depreciation, bad debts, etc., as good business practice shall dictate.

7.02 Upon the creation of a committee, the powers and duties of the committee shall be established by the Board of Directors.

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