

SCHEDULE TWO TO THE BY-LAWS

OF

TULITA LAND CORPORATION
("the Corporation")

CONFLICT OF INTEREST RULES

(based on section 141 of the *Canada Not-for-Profit Corporations Act*)

Disclosure of interest

1. A Director or an officer of the Corporation shall disclose to the Corporation, in writing or by requesting to have it entered in the minutes of the appropriate meeting of the Directors or of the appropriate committee of the Directors, the nature and extent of any interest that the Director or officer has in a material contract or material transaction, whether made or proposed, with the Corporation, if the Director or officer
 - (a) is a party to the contract or transaction;
 - (b) is a Director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or
 - (c) has a material interest in a party to the contract or transaction.

A disclosure to the Corporation shall be made by a Director or officer to the President and, in case of the President, shall be made to the Executive Director. The President or the Executive Director shall communicate the disclosure as required to observe the spirit and intent of these rules.

Time of disclosure for Director

2. The disclosure required by section 1 shall be made, in the case of a Director,
 - (a) at the meeting of the Directors or of the committee of the Directors at which a proposed contract or transaction is first considered;
 - (b) if the Director was not, at the time of the meeting referred to in paragraph (a), interested in the proposed contract or transaction, at the first meeting after the Director becomes so interested;
 - (c) if the Director becomes interested after a contract or transaction is made, at the first meeting after the Director becomes so interested; or
 - (d) if an individual who is interested in a contract or transaction later becomes a Director, at the first meeting after the individual becomes a Director.

Time of disclosure for officer

3. The disclosure required by section 1 shall be made, in the case of an officer who is not a Director,
 - (a) immediately after the officer becomes aware that the contract, transaction, proposed contract or proposed transaction is to be considered or has been considered at a meeting;
 - (b) if the officer becomes interested after a contract or transaction is made, immediately after the officer becomes so interested; or
 - (c) if an individual who is interested in a contract or transaction later becomes an officer, immediately after the individual becomes an officer.

Time of disclosure for Director or officer

4. If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of the Corporation's activities, would not require approval by the Directors or members, a Director or an officer shall, immediately after they become aware of the contract or transaction, disclose in writing to the Corporation, or request to have entered in the minutes of the meetings of Directors or of the appropriate committee of Directors, the nature and extent of their interest.

Voting

5. A Director required to make a disclosure under section 1 shall not vote on any resolution to approve the contract or transaction unless the contract or transaction
 - (a) relates primarily to the Director's remuneration as a Director;
 - (b) is for an indemnity for Directors or officers or insurance under section 151 of the *Canada Not-for-Profit Corporations Act*; or
 - (c) is with an affiliate of the Corporation as defined in the *Canada Not-for-Profit Corporations Act*.

Continuing disclosure

6. For the purposes of these Rules, a general notice to the Directors declaring that a Director or an officer is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party, is a sufficient declaration of interest in relation to the contract or transaction:
 - (a) the Director or officer is a Director or an officer, or acting in a similar capacity, of a party to the contract or transaction;
 - (b) the Director or officer has a material interest in the party; or

- (c) there has been a material change in the nature of the Director's or the officer's interest in the party.

Access to disclosures

- 7. The Members of the Corporation may examine the portions of any minutes of the meetings of the Directors or of any committees of the Directors that contain disclosures under these Rules, and of any other documents that contain those disclosures, during the Corporation's usual business hours.

Avoidance standards

- 8. A contract or transaction for which disclosure is required under section 1 is not invalid, and the Director or officer is not accountable to the Corporation or its members for any profit realized from the contract or transaction, because of the Director's or officer's interest in the contract or transaction or because the Director was present or was counted to determine whether a quorum existed at the meeting of Directors or of the committee of Directors that considered the contract or transaction, if
 - (a) disclosure of the interest was made in accordance with these Rules;
 - (b) the Directors approved the contract or transaction; and
 - (c) the contract or transaction was reasonable and fair to the Corporation when it was approved.

Confirmation by Members

- 9. Even if the conditions of section 8 are not met, a Director or an officer, acting honestly and in good faith, is not accountable to the Corporation or to its members for any profit realized from a contract or transaction for which disclosure is required under section 1, and the contract or transaction is not invalid by reason only of the interest of the Director or officer in the contract or transaction, if
 - (a) the contract or transaction is approved or confirmed by special resolution at a meeting of the members;
 - (b) disclosure of the interest was made to the members in a manner sufficient to indicate its nature and extent before the contract or transaction was approved or confirmed; and
 - (c) the contract or transaction was reasonable and fair to the Corporation when it was approved or confirmed.

Application to court

- 10. If a Director or an officer of a Corporation fails to comply with this section, a court may, on the application of the Corporation or any of its members, set aside or annul the contract or transaction on any terms that it thinks fit, require the Director or officer to

account to the Corporation for any profit or gain realized on the contract or transaction or make any other order that the court thinks fit.

Amendments to *Canada Not-for-Profit Corporations Act* or *Regulations*

11. If any amendment to the *Canada Not-for-Profit Corporations Act* or *Regulations* makes any part of this Schedule inconsistent with the *Act* or *Regulations*, that part will be deemed to be amended to make it consistent with the *Act* and *Regulations*.