

Intrinsic Investment Group

Club By-Laws

ARTICLE I.

NAME: This Club shall be known as “ Intrinsic Investment Group”.

ARTICLE II.

PURPOSE:

1. To mutually invest contributions and endeavour to maximize capital growth through investments in selected Canadian and U.S. equities. Investments may be made in fixed income securities, when opportunities do not exist in equities. Equity investments will be made using a **value oriented approach**.
2. For partners to learn about principles of Value investment practices.
3. To invest regularly each quarter.
4. To reinvest all earnings and capital gains.

ARTICLE III.

PARTNERSHIP:

1. The partnership shall be limited to a maximum of forty-nine (49) partners.
2. Partners may invite guests to any meeting but should notify the Executive at least one (1) week in advance.
3. A prospective partner should attend at least one (1) meeting as a visitor before being considered for membership. However, the Executive may choose to waive this requirement if a prospective partner shows reasonable difficulty in attending a Club meeting. In either case ARTICLE III-4 applies.
4. New partners shall be admitted into the Club at the discretion of the Managing partner(s) of the Club.
5. Partners who;
 - a. Fail to attend at least one (1) regularly scheduled meeting per calendar year, and,
 - b. Do not participate in internet-based proxies and ,
 - c. Fail to contribute a minimum of four hundred dollars (\$400) per year and ,
 - d. Fail to remit any partnership fee levied against them by the Club.May face cancellation of their partnership.
6. The Executive committee shall consist of a minimum of two (2) Senior Managing partners. Treasury tasks may be combined with any position of the Executive Committee.
7. The Senior Managing partners, which comprise the Executive Committee, are responsible for carrying out the articles of the by-laws. They may appoint a committee to investigate the status of any partner violating the by-laws and determine if any penalty is to be invoked. The Executive Committee, or any partner

- in good standing may propose the expulsion of any partner from the partnership for any offence detrimental to the aims and objectives of the Club. A partnership vote of more than seventy per-cent (70%) is required for the cancellation of a given membership.
8. Andre DesRoches and Nigel Edwards shall hold the positions of Senior Managing Partners, for the purpose of ensuring that the Club maintains a Value oriented approach. In the event either of the Senior Managing Partners is unable to fulfill their duties, the membership may elect a new Senior Managing Partner. Candidates must have been a member in good standing for at least 12 months prior to their election.
 9. A partner may withdraw from the Club at any time. Death or legal incapacity of a partner shall be handled in the same manner as a voluntary withdrawal. A withdrawing partner shall give written notice to any of the Club's Executive. The effective date of such withdrawal shall be as of the next regular Club valuation. Any amount calculated owing at this valuation must be paid to the withdrawing partner, by the Club, no later than ninety (90) days following the effective date of such withdrawal. If the Club is required to sell some or all holdings to pay the withdrawing partner, all charges incurred by this sale (brokerage fees, etc.) will be deducted. Alternately, the withdrawing partner shall be paid out of the quarterly contributions received, plus cash in the brokerage account, when adequate funds are available.
 10. The claim of any partner on the assets of the Club shall be limited to the value of the units credited to him in the Club's records and as determined by the Club's valuation procedure.
 11. The terms and provisions of these articles and Club By-Laws will affect all partners equally.
 12. No partner may transfer their partnership.
 13. A partner or partners of the same family (spouse, children) may not, at any time, own more than fifty percent (50%) of the outstanding units of the Club.
 14. Partners shall use the Modified Partnership Basis of reporting income, and to compute the income of the Club on a calendar year basis.
 15. A fifty-one per-cent (51%) partnership vote is required to amend these articles and By-Laws. A vote for a new Senior Managing Partner automatically amends Article III, Para. 8.

ARTICLE IV.

MEETINGS:

1. Regularly scheduled meetings are to be held twice (2) per year, *normally* in the months of April and October. The exact date of which is to be decided by the Executive, with written notice (including e-mail) of such meeting to be distributed to the partnership within three (3) weeks preceding the meeting date.
2. Special meetings shall be held at the discretion of the Executive, with a minimum of two (2) weeks prior notification given to the partnership as to the date and location of such meeting.
3. Quarterly valuation statements will be prepared by the Executive Committee and are to be presented at each regularly scheduled meeting and will be made available for online viewing within a reasonable period of time following the monthly Club valuation date.

4. The time of day that meetings are scheduled may vary, but should not last more than three (3) hours in duration.
5. The Senior Managing partner(s), or their designate, shall chair all regular or special Club meetings.
6. The Senior Managing partner(s), or if absent, a designated partner of the Club, shall be responsible for recording the minutes of the Club meeting.
7. At least fifty per-cent (50%) of the partnership, which includes at least one (1) partner of the Executive, must be in attendance to establish a quorum.
8. If a quorum cannot be established then a web-based proxy will be used at a later date to vote on any outstanding issues.

ARTICLE V.

PARTNERSHIP FEES:

1. On admission to the Club, each new partner shall contribute a partnership fee of twenty dollars (\$20). Such fees are used to cover office supplies, postage, accounting charges, web site hosting, etc. that are incurred during the course of operation of the Club. This partnership fee shall be levied on a yearly basis. The Executive may also, from time to time, require additional fees be levied towards the Club's partners. All expenses will be accounted for on a per item basis and recorded appropriately.
2. Partnership fees are non-refundable.
3. Failure to remit partnership fees to the Club may result in penalties outlined in Article III-5.
4. No member of the Executive Committee or other partner shall be compensated for services rendered to the Club. However the Club shall reimburse any *reasonable* and *necessary* Club expense not immediately funded by the Club.

ARTICLE VI.

CONTRIBUTIONS:

1. On admission to the Club, each new partner shall make a minimum initial contribution of one thousand dollars (\$1000) to a maximum of five thousand dollars (\$5,000).
2. Partners are also required to make minimum quarterly contributions of one hundred dollars (\$100) on January 1, April 1, July 1 and October 1, in order to comply with Article III, 5 (c).
3. Partners may contribute any amount throughout the calendar year up to a maximum annual contribution of five thousand dollars (\$5,000).
4. The initial and monthly contributions are said to purchase units (shares) in the Club. The number of units each contribution purchases varies, with the method of valuation for such units outlined in Article X.
5. Failure to comply may result in cancellation of partnership.

ARTICLE VII.

INVESTMENTS:

The Club shall:

1. Invest primarily in Canadian and U.S. securities via the Toronto, New York and NASDAQ Stock Exchanges. Some fixed income investments may be made if no opportunities exist in the equity market(s). It is understood by all partners that there are no guarantees as to the future value of their investment in the Club.
2. Invest regularly, provided adequate funds are available.
3. Reinvest all earnings and capital gains, at an appropriate time.
4. Not make any purchases on margin.
5. Not pledge the assets of the Club as security or collateral for any loan.
6. Investments will only be made when an analysis of a prospective investment meets the criteria as outlined in Article II, Para. 1.

ARTICLE VIII.

OTHER PROVISIONS:

1. The Intrinsic Investment Group shall not be terminated by the withdrawal or demise of any partner.
2. In the event of demise of a partner, their units shall be liquidated and the proceeds distributed to their estate or, if the Club has received instructions to the contrary specifying an individual, then proceeds are to be distributed to said individual.
3. On dissolution, all debts and expenses of the Club shall first be paid, and the remaining assets of the Club shall be distributed to the partners in cash.
4. Members agree to abide by the rules of the Club as outlined, as well as any modifications to such by-laws that have been voted upon and passed by the partners.

ARTICLE IX.

UNIT VALUATION AND VALUATION STATEMENT:

1. The valuation statement is prepared each month by the Executive for presentation at Club meetings. The purpose of the statement is twofold: first to show the total value of the Club's assets and second, to show how much each Club unit (share) is worth. The value of the Club's assets is obtained by totaling the market value of the securities and cash held, and in the second case dividing this total by the number of Club's units (shares) outstanding. This basic pattern is repeated each month and it is important to remember that not only the Club assets are cumulative but also the number of Club units outstanding each month.
2. Each month's contributions will buy units (shares) in the Club and the valuation statement will determine, month by month, the value, or purchase price, of a Club unit. Until the Club's funds are invested the value of a Club unit will be the same as the basic unit of contribution. After the funds are invested primarily in equities, whose prices fluctuate continuously, the value, or purchase price, of the Club's units must also change at each valuation date. It would be very cumbersome method indeed, if each quarter the partners were required to submit

the exact amount needed to purchase a whole number of units. The valuation statement is set up to permit the partners to make quarterly contributions for which they will be credited with a proportional representation of the Club's assets, or units, calculated to three decimal places. This allows the purchase of fractional units (shares).

- 3. Since the Club does not issue "share certificates", a simple book keeping entry is used to record these "fractional" unit purchases. The method used by the Club to determine these figures is similar to that used by a mutual fund. Another advantage of using the procedure is that it always shows the true proportional, cumulative unit representation purchased by each partner and the exact monthly value of a Club unit. This means that when there is a change in the partner roster, the proportional share unit ownership of the Club is not affected. A departing partner will only remove his proportional share of the assets. A new partner can only acquire a proportional share representation of the Club's assets valued at the time of admission. Thus, partners are able to contribute a basic number of dollars per quarter and maintain a proportional representation in the Club, regardless of the changes in price of the Club's units; whether or not each partner contributes the same amount or if the number of partners is increased or decreased. It should be mentioned that when a member leaves, the number of units owned by the departing partner reduces the number of outstanding Club units.

I have read and understand the preceding By-Laws and Articles of the Intrinsic Investment Group, and agree to abide by them.

Name _____

Signature _____

Witness _____

Date _____

Appendices

Appendix A - Definitions

Senior Managing Partner

Responsible for ensuring that Intrinsic Investment Group adheres to a value oriented approach to investing, and enforcing the provisions of the group's bylaws.

Value Oriented Approach

Intrinsic Investment Group follows a bottom-up value approach to investing, with a focus on generating superior long-term absolute returns. Our investment philosophy involves carefully evaluating the economics of individual companies and their managements. Our approach is contrarian and opportunistic since we tend to invest in undervalued companies which are temporarily out of favour because of some short-term negative event, or which may be undervalued because they are overlooked by investors and therefore improperly priced.

In carefully evaluating the economics of individual companies and their management, we are guided by four key principles:

- we think like enterprising business people, not risk-taking speculators;
- we focus on the valuation of individual companies, not on macro economic events;
- we look for long-term investment growth and stability, not short-term fads;
- we make decisions based on thorough assessments, not conjecture or intuition

Written Notice

All official correspondence: a) by submitting written notice by postal mail to Intrinsic Investment Group, or b) by submitting written notice by facsimile to Intrinsic Investment Group. Members electing to submit written notice by postal mail or facsimile shall submit such notice to the address and facsimile number stated in these bylaws or available on our web site at www.intrinsicinvestment.com. Members agree that submitting a written notice by Email or telephone is an unacceptable form of submitting notice