

SIXTH SESSION

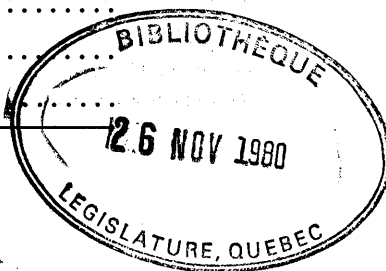
THIRTY-FIRST LEGISLATURE

NATIONAL ASSEMBLY OF QUÉBEC

Bill 1

**An Act to amend the Act respecting the
Société québécoise d'exploration minière**

First reading
Second reading
Third reading



M. YVES BÉRUBÉ

Minister of Energy and Resources

L'ÉDITEUR OFFICIEL DU QUÉBEC

1980

EXPLANATORY NOTES

The object of this bill is to amend the Act respecting the Société québécoise d'exploration minière for the purposes, mainly, of

(1) enabling the company to carry out profitable operations regarding prospecting for and the development, mining and processing of mineral substances;

(2) increasing the company's authorized capital by \$36 000 000;

(3) changing the composition of the company's board of directors and providing for the appointment of a chairman of the board of directors and a president and director general of the company.

This bill also provides for the bringing of the rules governing conflicts of interest of directors, officers and employees of the company into line with the existing statutes.

Finally, this bill confers on the Minister of Energy and Resources the power to issue, with the approval of the Government, directives on the orientation and objectives of SOQUEM.

Bill 1

An Act to amend the Act respecting the
Société québécoise d'exploration minière

HER MAJESTY, with the advice and consent of the National Assembly of Québec, enacts as follows:

1. The Act respecting the Société québécoise d'exploration minière (R.S.Q., c. S-19) is amended by replacing sections 3, 4 and 5 by the following sections:

“3. The objects of the company are

(a) mining exploration by all methods;

(b) prospecting for and the development, mining and processing of mineral substances.

To pursue its objects, the company may, according to law, associate or make agreements with any person or company.

In carrying out its objects, the company must aim to be profitable.

[“4. The authorized capital of the company is \$125 000 000. It is divided into 12 500 000 shares of a par value of \$10 each.]

“5. The shares of the company are part of the public domain of Québec.

The Minister of Finance has the exercise of the rights attached to the shares.”

[2. The said act is amended by inserting, after section 11, the following section:

“11.1 The Minister of Finance may, furthermore, pay to the company, out of the consolidated revenue fund, with prior ap-

proval of the Government and on such conditions as it may fix, an amount of \$36 000 000 for 3 600 000 fully paid-up shares of its capital stock, for which the company shall remit certificates to him.

Payment may be made in one or several instalments; each instalment must be submitted for the approval contemplated in the first paragraph. The Minister of Finance may fix the payment period for each instalment.”]]

3. Section 12 of the said act is repealed.

4. Sections 13 to 24 of the said act are replaced by the following sections:

“13. Every order of the Government approving a payment contemplated in section 10, 11 or 11.1 must be tabled before the National Assembly.

“14. The affairs of the company shall be managed by a board of directors composed of

(a) the president of the company appointed by the Government after consultation with the other members of the board for a term of not over five years, subject to the contract contemplated in the second paragraph of section 16;

(b) from six to ten other members appointed by the Government for a term of not over two years.

The members of the board of directors are the directors of the company within the meaning of the Companies Act but need not be shareholders.

“15. The members of the board of directors shall elect one of the members contemplated in subparagraph *b* of the first paragraph of section 14 as chairman of the board, and another as vice-chairman to exercise the functions of the chairman in the latter’s absence.

The chairman of the board shall preside at meetings of the board, oversee its operations and assume any other functions assigned to him by the by-laws of the company.

“16. The president of the company is responsible for the administration and direction of the company within the scope of its by-laws and policies. He is, *ex officio*, the director general of the company and he exercises his functions on a full-time basis.

The president’s remuneration and the other conditions under which he exercises his functions are established by a contract that binds him to the company. The contract has effect only if ratified by the Government.

"17. At least two-thirds of the members of the board of directors, including the chairman of the board and the president of the company, must be domiciled in Québec.

"18. The Government shall fix the remuneration of the chairman and vice-chairman of the board and that of the other members contemplated in sub paragraph *b* of the first paragraph of section 14.

The members of the board of directors other than the president of the company are compensated or reimbursed for the costs and expenses incurred by them in the exercise of their functions according to the standards and scales determined by by-law of the company.

"19. Every member of the board of directors remains in office at the expiry of his term until he is replaced or reappointed.

The Government shall fill a vacancy occurring before the expiry of a term, in the manner and for the time prescribed in section 14.

"20. Any member of the board of directors, other than the president of the company, having a direct or indirect interest in an undertaking causing his personal interest to conflict with that of the company must, under pain of forfeiture of office, disclose the interest in writing to the president of the company and abstain from taking part in any decision relating to the undertaking in which he has the interest.

Neither the president of the company nor any other officer or employee of the company may, under pain of forfeiture of office, have any direct or indirect interest in an undertaking causing his personal interest to conflict with that of the company. However, forfeiture is not incurred if such an interest devolves to him by succession or gift, provided that he renounces or disposes of it with dispatch.

An interest in any security listed on a recognized stock exchange does not give rise to the application of this section, if it is equal to less than one ten-thousandth of the total outstanding amount of the listed securities of the undertaking contemplated.

"21. In no case may the company, without prior authorization of the Government,

(a) enter into a contract for participation in the carrying out of the objects contemplated in section 3, if the contract binds it for more than five years;

(b) sell mineral deposits, mining properties or any interest therein otherwise than by auction sale or public tender;

(c) contract a loan that increases its total outstanding borrowings to more than \$500 000;

(d) acquire or hold a sufficient proportion of the shares or property of an undertaking to ensure control over it;

(e) make by-laws relating to the exercise of its powers and its internal management.

“22. The books and accounts of the company are audited every year and whenever ordered by the Government, by the Auditor General; the Auditor General may, however, at the request of the company, appoint another auditor. The report of the Auditor General or of the auditor appointed by him must accompany the annual report of the company.

“23. The Minister of Energy and Resources may, within the scope of his responsibilities and powers, issue directives on the objectives and orientation of the company.

The directives must receive prior approval by the Government. If approved, they bind the company and it must comply with them.

Third persons are not bound to see that this section is observed and it cannot be invoked by or against them.

Every directive issued under this section must be tabled before the National Assembly within fifteen days after its approval by the Government. If the National Assembly is not sitting, the directive is tabled before it within fifteen days of the opening of the next session or of resumption.”

5. Section 26 of the said act is amended by replacing the first paragraph by the following paragraph:

“26. Every year, the company must have its development plan approved by the Government.”

6. Section 28 of the said act is replaced by the following sections:

“28. Sections 159 to 162 of the Companies Act do not apply to the company.

“29. The Minister of Energy and Resources is responsible for the application of this act.”

7. The president of SOQUEM and the other members of the board of directors whose term of office has not expired at the coming into force of section 14 of the Act respecting the Société québécoise d'exploration minière enacted by section 4 of this act remain in office for the unexpired portion of their term.

8. This act will come into force on the date to be fixed by proclamation of the Government, except the provisions excluded by that proclamation, which will come into force, in whole or in part, on a later date to be fixed by proclamation of the Government.