

**IN THE MATTER OF THE SECURITIES ACT
R.S.N. 1990, CHAPTER S-13, AS AMENDED (the “Act”)**

AND

**IN THE MATTER OF CERTAIN TRADES RELATING TO THE ISSUE OF
SECURITIES IN EXCHANGE FOR MINING CLAIMS**

AND

**IN THE MATTER OF THE FIRST TRADE IN SECURITIES
ACQUIRED IN EXCHANGE FOR MINING CLAIMS**

**ORDER AND BLANKET RULING
(Section 144, Paragraphs 36(2)(n) and 73(1)(m) and Subsection 75(1))**

WHEREAS the Director of Securities (the “Director”) pursuant to the powers conferred on the Director by section 146 of the Act has issued an Order and Blanket Ruling dated June 16, 1995 entitled “In the Matter of Certain Trades Relating to the Issue of Securities in Exchange for Mining Claims and In the Matter of the First Trade in Securities Acquired in Exchange for Mining Claims” (the “Previous Ruling”), which Order and Blanket Ruling consisted of (a) an Order pursuant to paragraphs 36(2)(n) and (73)(1)(m) of the Act outlining the escrow agreement requirements which the Director deemed necessary and (b) a Ruling pursuant to subsection 75(1) of the Act in respect of certain trades in the securities of Eligible Issuers (as defined below) issued for mining claims;

AND WHEREAS it appears to the Director to be desirable to vary the Previous Ruling by revoking it and replacing it with an expanded Ruling;

AND WHEREAS the Director is of the opinion that to so order and rule would not be prejudicial to the public interest;

IT IS ORDERED AND RULED pursuant to section 144 of the Act that the Previous Ruling is revoked and that pursuant to paragraphs 36(2)(n) and 73(1)(m) and subsection 75(1) of the Act the following is substituted therefor:

**ORDER AND BLANKET RULING
(Paragraphs 36(2)(n) and 73(1)(m) and Subsection 75(1))**

UPON the application of certain interested parties to the Director of Securities (the “Director”) pursuant to the powers conferred on the Director by section 146 of the Act, for (a) an

Order pursuant to paragraphs 36(2)(n) and 73(1)(m) of the Act outlining the escrow agreement requirements which the Director deems necessary and (b) a Ruling pursuant to subsection 75(1) of the Act in respect of certain trades in the securities of Eligible Issuers (as defined below) issued for mining claims;

WHEREAS in this Order and Ruling;

“Eligible Issuer” means an issuer (a) the securities of which are listed on a Recognized Exchange, and (b) which has reporting issuer or similar status in one or more jurisdictions in Canada;

“Escrow Agreement” means an escrow agreement in the form appended to this Order and Ruling as Schedule “A”;

“Recognized Exchange” means any of the Montreal Exchange, The Toronto Stock Exchange, the Alberta Stock Exchange, the Vancouver Stock Exchange, and the NASDAQ Stock Market and any other exchange designated from time to time by the Director in writing;

“Registrant” means any dealer or salesperson duly registered under the Act;

“Subject Securities” means securities of an Eligible Issuer issued (a) in reliance upon the exemption provisions of paragraph 73(1)(m) of the Act, and (b) pursuant to this Order and Ruling;

“Trustee” means a person or class of persons designated by this Order or by separate order of the Director in writing.

“Vendor” means a person selling mining claim(s) to an Eligible Issuer in consideration for Subject Securities in whole or in part.

AND UPON it appearing to the Director that:

1. The distribution of Subject Securities by an Eligible Issuer to a Vendor may be effected by reliance on the exemptions from the registration and prospectus requirements of the Act contained in paragraphs 36(2)(n) and 73(1)(m), respectively, of the Act, subject to the conditions contained therein;
2. Paragraphs 36(2)(n) and 73(1)(m) of the Act require that an escrow agreement be filed that is satisfactory to the Director, the specifics of the contents and form of which the Director has determined to be in the public interest;

AND UPON the Director being satisfied that the making of this Order and Ruling would not be prejudicial to the public interest;

IT IS ORDERED pursuant to paragraphs 36(2)(n) and 73(1)(m) of the Act, that the following will apply to trades in Subject Securities by an Eligible Issuer:

1. Where an Eligible Issuer issues Subject Securities, an Escrow Agreement in the form appended as Schedule “A” to this Order and Ruling shall be executed by the Eligible Issuer, Vendor and a Trustee;
2. Any of the following may be a Trustee for the purposes of this Order and Ruling:
 - (a) a person registered as a trust company under the *Trust and Loan Companies Licensing Act*; or
 - (b) a member of the Law Society of Newfoundland authorized to practice in the Province of Newfoundland who is independent of all parties to the Escrow Agreement;
3. An Eligible Issuer shall, within five business days of the issue of Subject Securities, file with the Director (a) a report substantially in the form prescribed by Form 19 to The Securities Regulations, 1991 made under the Act (the “Regulation”), and (b) a copy of the Escrow Agreement executed in respect of such trade;
4. A Trustee may release Subject Securities from the escrow established by an Escrow Agreement upon receiving satisfactory evidence that the first trade in such Subject Securities by the Vendor:
 - (a) will be made in accordance with the Act or the Regulation; or
 - (b) will be made through the facilities of a Recognized Exchange.
5. For the purposes of paragraph 4 of this Order and Ruling, “satisfactory evidence” may include, without limitation:
 - (a) an opinion addressed to the Trustee by a member of the Law Society of Newfoundland authorized to practice in the Province of Newfoundland, who may be counsel for the Vendor in such trade;
 - (b) an undertaking of a Registrant in the form appended to this Order and Ruling as Schedule “B”; or
 - (c) such other evidence as the Director deems satisfactory upon application made by the Trustee.
6. If Subject Securities are released from escrow in accordance with paragraph 4 of this Order and Ruling and any or all of such Subject Securities are not:

- (a) traded in accordance with the Act or the Regulation;
- (b) traded through the facilities of a Recognized Exchange; or
- (c) held by a Registrant pending sale on a Recognized Exchange;

then:

- (x) the escrow in which such untraded Subject Securities had been held by the Trustee prior to such release shall be reconstituted;
- (y) the Vendor shall take all steps necessary to have the certificate(s) representing such untraded Subject Securities returned to the Trustee; and
- (z) the Trustee, upon receipt of such certificate(s), shall continue to hold the untraded Subject Securities in escrow pursuant to the terms and conditions of the Escrow Agreement under which the escrow was established.

AND IT IS RULED pursuant to subsection 75(1) of the Act that the first trade by the Vendor of Subject Securities shall not be subject to subsection 73(4) of the Act provided that:

- (a) such trade is made in accordance with the Act or the Regulation; or
- (b) such trade is made through the facilities of a Recognized Exchange.

This Order and Ruling may be withdrawn in whole at any time or in respect of any Eligible Issuer from time to time by further Order or Ruling of the Director.

DATED at St. John's, Newfoundland this 14th day of July, 1995.

George Kennedy

GEORGE KENNEDY
Director of Securities

SCHEDULE “A”

**THE SECURITIES ACT
R.S.N. 1990, CHAPTER S-13, AS AMENDED (the “Act”)**

**FORM OF ESCROW AGREEMENT PURSUANT TO
ORDER AND BLANKET RULING NO. 35**

THIS AGREEMENT made in triplicate, this ● day of ●, 19●.

AMONG:

●,

(hereinafter (jointly and severally) called the “Vendor(s)”)

OF THE FIRST PART,

AND:

●,

(hereinafter called the “Trustee”)

OF THE SECOND PART,

AND:

●,

(hereinafter called the “Eligible Issuer”)

OF THE THIRD PART.

WHEREAS the Vendor(s) and the Eligible Issuer entered into an agreement dated the ● day of ●, 19● whereby the Vendor(s) agreed to sell certain property to the Eligible Issuer, the consideration for such property being at least in part the issuance of securities by the Eligible Issuer or the transfer of securities of the Eligible Issuer to the Vendor(s), the property and the number of securities and the names of the Vendor(s) presently owning or to receive such securities, being respectively and more particularly described in Appendix “A” attached to and forming part of this Agreement;

AND WHEREAS such securities are being issued by the Eligible Issuer in reliance upon the provisions of paragraphs 36(2)(n) and 73(1)(m) of the Act and Order and Blanket Ruling No. 35 of the Director of Securities dated July 14, 1995 (the “Order”);

AND WHEREAS in furtherance of complying with the requirements of the Act and the Order the Vendor(s) are desirous of depositing in escrow such securities;

AND WHEREAS the Trustee has agreed to undertake and perform its duties according to the terms and conditions hereof;

AND WHEREAS all terms which are defined in the Order have their respective meanings in this Agreement unless otherwise defined herein;

NOW THEREFORE this Agreement witnesseth that in consideration of the sum of One dollar (\$1.00) now paid by the parties hereto, each to the other (receipt and sufficiency of which sum the parties do hereby respectively acknowledge each to the other), the Vendor(s) (jointly and severally) covenant and agree with the Eligible Issuer and with the Trustee, and the Eligible Issuer and the Trustee covenant and agree each with the other and with the Vendor(s) (jointly and severally) as follows:

1. (Each of) the Vendor(s) places and deposits in escrow with the Trustee those of the Vendor's securities of the Eligible Issuer which are represented by the certificates described or referred to in Appendix "A" hereto (the "Securities"), and undertakes and agrees forthwith to deliver those certificates (including any replacement securities or certificates if and when such are issued or allowed) to the Trustee for deposit in escrow.
2. The parties agree that the Securities and the beneficial ownership of or any interest in them and the certificates representing them (including any replacement securities or certificates) shall not be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow or otherwise in any manner dealt with, other than in accordance with the Order and this Agreement, except as may be required by reason of the death or bankruptcy of any Vendor(s), in which cases the Trustee shall hold such certificates, subject to this Agreement, for whatever person, firm or corporation shall be legally entitled to be or become the registered owner thereof.
3. The Vendor(s) direct the Trustee to retain their respective Securities and the certificates (including any replacement securities or certificates) representing the same and not to do or cause anything to be done to release the same from escrow or to allow any transfer, hypothecation or alienation thereof except in accordance with the Order and this Agreement. The Trustee accepts the responsibilities placed on it and agrees to perform the same in accordance with the terms hereof and the Order and, where the Trustee is a member of the Law Society of Newfoundland authorized to practice in the Province of Newfoundland, the Trustee represents and warrants that he or she is independent of all parties to this Agreement.
4. If during the period in which any of the Securities are retained in escrow pursuant hereto, any dividend is received by the Trustee in respect of the Securities, any such dividend shall be forthwith paid or transferred to the respective registered owner entitled thereto.
5. All voting rights attached to the Securities shall at all times be exercised by the respective registered owners thereof.

6. The Trustee may release Securities from the escrow established by this Agreement upon receiving satisfactory evidence that the first trade in such Securities by the Vendor:
 - (a) will be made in accordance with the Act or the Regulation; or
 - (b) will be made through the facilities of a Recognized Exchange.
7. If Securities are released from escrow in accordance with paragraph 6 of this Agreement and any or all of such Securities are not:
 - (a) traded in accordance with the Act or the Regulation;
 - (b) traded through the facilities of a Recognized Exchange; or
 - (c) held by a Registrant pending sale on a Recognized Exchange;then:
 - (x) the escrow established by this Agreement shall be reconstituted in respect of such untraded Securities;
 - (y) the Vendor shall take all steps necessary to have the certificate(s) representing such untraded Securities returned to the Trustee; and
 - (z) the Trustee, upon receipt of such certificate(s), shall continue to hold the untraded Securities in escrow pursuant to the terms and conditions of this Agreement.
8. (Each of) the Vendor(s) hereby (jointly and severally) releases and indemnifies and saves harmless the Trustee from and against all claims, suits, demands, costs, damages and expenses which may be occasioned by reason of the Trustee's compliance in good faith with the terms hereof.
9. If the Trustee should wish to resign, it shall give at least two months notice to the Eligible Issuer, who may by writing appoint another Trustee in its place and such appointment shall be binding on the Vendor(s) and the new Trustee shall assume and be bound by the obligations of the Trustee hereunder.
10. This Agreement may be executed in several counterparts in the same form and such counterparts as so executed shall together form one original agreement, and such counterparts if more than one shall be read together and construed as if all the signing parties hereto had executed one copy of this Agreement.
11. Wherever the singular or masculine are used throughout this Agreement, the same shall be construed as being the plural or feminine or neuter where the context so requires.

12. This Agreement shall enure to the benefit of and be binding upon the parties hereto, their and each of their heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

APPENDIX "A"

1. Description of Property.
(Identify the property exchanged for Securities)

2. Securities.

Name of Security Holder	Beneficial Owner	Number and Class of Securities	Certificate Number(s)

SCHEDULE "B"
Undertaking of Registrant

Vendor: _____

Issuer: _____

Number and Class of Securities ("Subject Securities"): _____

Security Certificate Number(s): _____

Name and Address of Trustee: _____

I, the undersigned Registrant, hereby:

1. acknowledge that I have received instructions from the Vendor:
 - (a) to sell for the Vendor some or all of the Subject Securities through the facilities of a Recognized Exchange* upon receipt of the items specified in paragraph 2 below; and
 - (b) to register in the name of the Trustee in trust for the Vendor any Subject Securities that remain unsold ____ days from the date of receipt of the items specified in paragraph 2 below and to deliver the certificate(s) representing such Subject Securities to the Trustee.
2. undertake to sell for the Vendor such Subject Securities through the facilities of a Recognized Exchange upon receipt from the Trustee of:
 - (a) the certificate(s) representing the Subject Securities;
 - (b) the certificate of the Trustee stating that the Subject Securities have been released from the escrow prescribed by Blanket Ruling No. 35 issued by the Director of Securities of Newfoundland on July 14, 1995;
 - (c) instructions to hold the Subject Securities in a trust account established in the name of the Trustee in trust for the Vendor; and
 - (d) a signed trading authorization permitting the Vendor to trade the Subject Securities in such trust account;

* A Recognized Exchange is any of the following: the Montreal Exchange, The Toronto Stock Exchange, the Alberta Stock Exchange, the Vancouver Stock Exchange, the NASDAQ Stock Market and any other exchange designated from time to time by the Director of Securities of Newfoundland in writing.

3. undertake to deliver to the Trustee at the address specified above a copy of the confirmation of the trade of some or all of the Subject Securities through the facilities of a Recognized Exchange together with the sale proceeds within 10 days after such trade;
4. acknowledge that the Vendor, at any time while any of the Subject Securities remain unsold, may require that such Subject Securities be registered in the name of the Trustee in trust for the Vendor and that the certificate(s) representing such Subject Securities be delivered to the Trustee at the address specified above;
5. undertake to register in the name of the Trustee in trust for the Vendor any Subject Securities that remain unsold at the end of ____ days from the date of receipt of the items specified in paragraph 2 above and to deliver the certificate(s) representing such Subject Securities to the Trustee.

Dated this _____ day of _____, 19 ____.

Signature of Registered Salesperson

Name of Registered Salesperson

Name of Registered Dealer