



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5, AS AMENDED  
(the Act)**

**AND**

**IN THE MATTER OF  
2176423 ONTARIO LTD.**

**AND**

**NORTHERN SPHERE MINING CORP. AND  
RESOURCE CAPITAL GOLD CORP.**

**ORDER  
(Section 144)**

**WHEREAS** on May 6, 2019, the Ontario Securities Commission (the **Commission**) made an order under paragraphs 2 and 2.1 of subsection 127(1) of the Act that trading and acquiring securities of Northern Sphere Mining Corp. (**Northern Sphere**), whether direct or indirect, shall cease except in accordance with the conditions contained therein (the **Northern Sphere CTO**);

**AND WHEREAS** on November 1, 2019, the British Columbia Securities Commission, as principal regulator, and evidencing the decision of the Commission, made an order that trading securities of Resource Capital Gold Corp. (**Resource Capital**) shall cease except in accordance with the conditions contained therein (the **Resource Capital CTO**, and together with the Northern Sphere CTO, the **Cease Trade Orders**);

**AND WHEREAS** 2176423 Ontario Ltd. (the **Filer**) has applied to the Commission pursuant to section 144 of the Act (the **Application**) for a partial revocation of the Cease Trade Orders to permit the sale by the Filer of common shares of Northern Sphere and Resource Capital (collectively, the **Issuers**) to a purchaser (the **Purchaser**) solely to establish a tax loss;

**AND WHEREAS** section 11 of National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order* provides that the Commission will generally grant a partial revocation order to permit a securityholder to sell securities for a nominal amount solely to establish a tax loss;

**AND UPON** the Filer having represented to the Commission that:

1. The Filer is a private holding corporation incorporated in Ontario.
2. Northern Sphere is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

3. Resource Capital is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.
4. The Filer holds 5,000,000 common shares of Northern Sphere (**NS Shares**), being approximately 14.6% of the outstanding NS Shares, based on 34,185,158 NS Shares outstanding as of November 28, 2018 as disclosed in the management's discussion and analysis (**MD&A**) of Northern Sphere dated November 28, 2018 (being its most recent MD&A filed on SEDAR).
5. The Filer holds 26,835,089 common shares of Resource Capital (**RC Shares**), being approximately 15.4% of the outstanding RC Shares, based on 174,790,696 RC Shares outstanding as of November 9, 2018, as disclosed in the Management Information Circular of Resource Capital dated as of December 3, 2018 and the MD&A of Resource Capital dated November 29, 2018 (being its most recent MD&A filed on SEDAR).
6. The Northern Sphere CTO was issued on May 6, 2019 by the Commission for failure to file the following continuous disclosure documents within the required timeframe
  - (a) annual audited financial statements for the year ended December 31, 2018, as required under National Instrument *51-102 Continuous Disclosure Obligations* (**NI 51-102**);
  - (b) MD&A relating to the annual audited financial statements for the year ended December 31, 2018, as required under NI 51-102; and
  - (c) certification of the foregoing filings, as required by National Instrument *52-109 Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**).
7. The Resource Capital CTO was issued on November 1, 2019 by the British Columbia Securities Commission, as principal regulator, and evidenced the decision of the Commission, for failure to file the following continuous disclosure documents within the required timeframe
  - (a) annual audited financial statements for the year ended June 30, 2019, as required under NI 51-102;
  - (b) MD&A relating to the annual audited financial statements for the year ended June 30, 2019, as required under NI 51-102;
  - (c) interim financial reports and related MD&A for the interim periods ended December 31, 2018 and March 31 2019, as required under NI 51-102; and
  - (d) certification of the foregoing filings, as required by NI 52-109.
8. The Cease Trade Orders prohibit trading (and acquiring) securities of the Issuers, except that a beneficial security holder who is not and was not at the date of the applicable Cease Trade Order an insider or control person of the Issuer may sell securities of the Issuer acquired before the date of the Cease Trade Order if the sale is made through both a "foreign organized regulated market", as defined in section 1.1 of the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, and an investment dealer registered in a jurisdiction of Canada in accordance with applicable securities legislation.
9. The NS Shares were delisted from the Canadian Securities Exchange on January 22, 2020.
10. On January 29, 2019, Resource Capital announced that it had filed a Notice of Intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada), the RC Shares had been halted from trading on the TSX Venture Exchange (the **TSXV**) and there was no certainty as to timing or likelihood that the RC Shares would recommence trading on the TSXV or any other market.

11. The Filer acquired the NS Shares and RC Shares, and was an insider of the Issuers, prior to the dates of the respective Cease Trade Orders, and the Filer is still an insider of each of the Issuers.
12. The Filer proposes to effect trades of the NS Shares and RC Shares (the **Transfers**) to the Purchaser, solely to enable the Filer to establish tax losses in respect of the Transfers. The Transfers will occur in Ontario.
13. The Filer proposes to sell the NS Shares at a price of \$0.00001 per NS Share for gross proceeds of \$50.00, and to sell the RC Shares at a price of \$0.00001 per RC Share for gross proceeds of \$268.35.
14. The Filer is a sophisticated seller and understands that the NS Shares and RC Shares have no market value, the purpose of proposed trades and the nature of the Cease Trade Orders. The Filer acknowledges that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.
15. The Purchaser is a resident of Ontario and qualifies as an “accredited investor” as defined under paragraph (e.1) of section 1.1 of National Instrument 45-106 *Prospectus Exemptions*. The Purchaser is a sophisticated purchaser who understands that the NS Shares and RC Shares have no market value, the purpose of the proposed trades and the nature of the Cease Trade Orders, and that following the Transfers, any trades in the NS Shares and RC Shares are prohibited by the Cease Trade Orders. The Filer will obtain an acknowledgement from the Purchaser that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.
16. Each of the Filer and the Purchaser is not aware of any material information concerning the affairs of the Issuers that has not been generally disclosed.
17. The Purchaser will purchase and hold the NS Shares and RC Shares as principal.
18. The Purchaser will be provided with a copy of the Cease Trade Orders and a copy of this partial revocation order prior to the applicable Transfers.

**AND UPON** considering the Application and the recommendation of the staff of the Commission;

**AND UPON** the Director being satisfied that to do so would not be prejudicial to the public interest;

**IT IS ORDERED**, pursuant to section 144 of the Act, that the Cease Trade Orders are partially revoked solely to permit the Transfers to the Purchaser and acts in furtherance of the Transfers that are necessary for and are in connection with the Transfers and all other acts in furtherance of the Transfers that may be considered to fall within the definition of “trade” within the meaning of the Act, provided that:

- (a) prior to the completion of the Transfers, the Filer will:
  - (i) provide the Purchaser with a copy of the Cease Trade Orders;
  - (ii) provide the Purchaser with a copy of this partial revocation order; and
  - (iii) obtain from the Purchaser signed and dated acknowledgements which clearly state that the Cease Trade Orders remain in effect, and that the issuance of a partial revocation of a cease trade order does not guarantee the issuance of a full revocation in the future; and
- (b) The Filer undertakes to make available copies of the written acknowledgements referred to in paragraph a(iii) to staff of the Commission upon request.

**DATED** this 22<sup>nd</sup> day of December, 2021.

*“Jo-Anne Matear”*

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Jo-Anne Matear  
Manager, Corporate Finance  
Ontario Securities Commission