



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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20 Queen Street West
Toronto ON M5H 3S8

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20, rue Queen ouest
Toronto ON M5H 3S8

March 31, 2021

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

AND

**IN THE MATTER OF
NEW KLONDIKE EXPLORATION LTD.**

**ORDER
(Section 144)**

WHEREAS the securities of New Klondike Exploration Ltd. (the **Applicant**) are subject to a cease trade order made by the Director dated April 4, 2016, pursuant to paragraph 2 of subsection 127(1) and subsection 127(4.1) of the Act (the **Cease Trade Order**), directing that all trading in the securities of the Applicant cease until the Cease Trade Order is revoked by the Director;

AND WHEREAS the Cease Trade order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order;

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the Commission) for a partial revocation of the Cease Trade Order pursuant to section 144 of the Act;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated in the province of Ontario under the *Business Corporations Act* (Ontario) on February 9, 1948.
2. The Applicant's registered office is located at Suite 3400, 100 King Street West, Toronto, ON, M5K 1A4 and its principal place of business is located at 3704 – 88 Scott St., Toronto, ON, M5E 1X6.
3. The Applicant is a reporting issuer under the securities legislation of the provinces of Ontario, British Columbia, Québec and Alberta. The Applicant is not a reporting issuer in any other jurisdiction in Canada.
4. The Applicant's authorized share capital consists of an unlimited number of common shares (the **Common Shares**). The Applicant currently has 20,415,545 Common Shares

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issued and outstanding. Other than the issued and outstanding Common Shares, the Applicant has no securities outstanding.

5. The Applicant's securities are not listed on any stock exchange or quotation system.
6. In addition to the Cease Trade Order, the Applicant's securities are also subject to a cease trade order dated April 7, 2016 issued by the Executive Director of the British Columbia Securities Commission (the **BCSC**), pursuant to subsection 164(1) of the *Securities Act* (British Columbia), directing that all trading in the securities of the Applicant cease until the order is revoked by the Executive Director (the **BC Cease Trade Order**).
7. In addition to the BC Cease Trade Order, the Applicant's securities are also subject to a cease trade order dated April 5, 2016 and April 20, 2016 issued by the Autorité des marchés financiers (the **AMF**), pursuant to paragraph 3 of section 265 and section 318 of the *Securities Act* (Quebec), directing that all trading in the securities of the Applicant cease until the order is amended or lifted (the **QC Cease Trade Order**).
8. The BC Cease Trade Order, the QC Cease Trade Order and the Cease Trade Order are reciprocated in Alberta pursuant to section 198.1 of the *Securities Act* (Alberta), Alberta's statutory reciprocal order provision.
9. The Cease Trade Order was issued as a result of the Applicant's failure to file the following continuous disclosure materials as required by Ontario securities law:
 - (a) audited financial statements for the year ended November 30, 2015;
 - (b) management's discussion and analysis (**MD&A**) relating to the audited annual financial statements for the year ended November 30, 2015; and
 - (c) the certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**).

(collectively, the **Unfiled Documents**).

10. The Unfiled Documents were not filed as a result of financial difficulties.
11. Subsequent to the failure to file the Unfiled Documents, the Applicant also failed to file the following documents:
 - (a) annual audited financial statements for the years ended November 30, 2016 to November 30, 2019;
 - (b) interim unaudited financial statements for the interim periods ended February 29, 2016, to February 29, 2020;
 - (c) MD&A relating to the financial statements referred to in subparagraphs (a) and (b) above; and
 - (d) certificates required to be filed in respect of the financial statements referred to in subparagraphs (a) and (b) above under NI 52-109.

(together with the Unfiled Documents, the **Unfiled Continuous Disclosure**).

12. The Applicant is seeking a partial revocation of the Cease Trade Order to be able to complete a proposed issuance of up to 340,000,000 Common Shares in the province of Ontario and other provinces (the **Transaction**). Pursuant to the Transaction (i) up to 184,610,560 Common Shares will be issued at a price of C\$0.001 per Common Share pursuant to private placements of issuance of Common Shares from treasury in exchange for cash, and (ii) up to 155,389,440 Common Shares will be issued at a price of C\$0.001 pursuant to shares-for-debt transactions related to settlement of trade payable advances and unsecured notes.
13. The Applicant is also seeking a partial revocation of the BC Cease Trade Order, and has filed an application with the BCSC, dated July 22 2020, for a partial revocation of the BC Cease Trade Order.
14. The Applicant is also seeking a partial revocation of the QC Cease Trade Order, and has filed an application with the AMF, dated July 22 2020, for a partial revocation of the QC Cease Trade Order.
15. The Transaction will be conducted on a prospectus exempt basis (i) with subscribers in Ontario and other provinces who satisfy the requirements of sections 2.3 (*Accredited Investor*) and 2.5 (*Family, Friends, and Business Associates*) of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**), and (ii) with creditors of the Corporation to settle bona fide debt of the Corporation pursuant to section 2.14 of NI 45-106.
16. The Applicant has prepared and filed the Filed Continuous Disclosure (as defined below) and intends to pay all outstanding fees within a reasonable period of time following the completion of the Transaction. The Applicant also intends to apply to the applicable securities regulators to have the Cease Trade Order, the BC Cease Trade Order and the QC Cease Trade Order fully revoked. The Applicant anticipates closing the Transaction in more than one tranche. The Filed Continuous Disclosure means:
 - (a) annual audited financial statements for the years ended November 30, 2015 to November 30, 2019;
 - (b) condensed interim unaudited financial statements for the three months ended February 29, 2020, February 28, 2019, May 31, 2020 and 2019 and for the six months ended May 31, 2020 and 2019;
 - (c) condensed interim unaudited financial statements for the three months and nine months ended August 31, 2020 and 2019;
 - (d) MD&A relating to the financial statements referred to in subparagraphs (a), (b) and (c) above; and
 - (e) certificates required to be filed in respect of the financial statements referred to in subparagraphs (a), (b) and (c) above under NI 52-109.

17. The Applicant is not considering, nor is it involved in, any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.
18. Other than the failure to pay all outstanding fees, the Applicant is not in default of any of the requirements of the Act or the rules and regulations made pursuant thereto. The Applicant is not in default of the Cease Trade Order. The Applicant's SEDAR and SEDI profiles are up to date.
19. The Applicant intends to allocate the proceeds from the Transaction as follows:

Description	Cost
Filing, late filing and participation fees	\$93,700
May 2020 Special Meeting costs	\$23,000
2020 Annual General Meeting costs	\$18,000
Audit fees (2015 through 2019)	\$17,000
Trade payables and unsecured loans	\$98,000
Working Capital	\$90,300
Total:	\$340,000

20. The Applicant reasonably believes that the Transaction will be sufficient to pay all outstanding fees and provide it with sufficient working capital to continue its business.
21. As the Transaction would involve a trade of securities and acts in furtherance of trades, the Transaction cannot be completed without a partial revocation of the Cease Trade Order.
22. The Transaction will be completed in accordance with all applicable laws.
23. Prior to completion of the Transaction, the Applicant will:
- (a) provide to all participants in the Transaction:
 - (i) a copy of the Cease Trade Order; and
 - (ii) a copy of the Partial Revocation Order; and
 - (b) obtain, and provide upon request to the OSC, BCSC and AMF, from each participant in the Transaction a signed and dated acknowledgment which clearly states that all of the Applicant's securities, including the securities issued in connection with the Transaction,

will remain subject to the Cease Trade Order until a full revocation order is granted, and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

24. Upon issuance of this order, the Applicant will issue a press release announcing the order and the intention to complete the Transaction. Upon completion of the Transaction, the Applicant will issue a press release and file a material change report. As other material events transpire, the Applicant will issue appropriate press releases and file material change reports as applicable.

AND UPON considering the application and the recommendations of 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 Order is partially revoked solely to permit the trades in securities of the Applicant (including for greater certainty, acts in furtherance of trades in securities of the Applicant) that are necessary for and are in connection with the Transaction, provided that:

- (a) prior to completion of the Transaction, the Applicant will:
 - (i) provide to each subscriber under the Transaction a copy of the Cease Trade Order;
 - (ii) provide to each subscriber under the Transaction a copy of this order; and
 - (iii) obtain from each subscriber under the Transaction a signed and dated acknowledgment, which clearly states that all of the Applicant's securities, including the securities issued in connection with the Transaction, will remain subject to the Cease Trade Order, the BC Cease Trade Order and the QC Cease Trade Order and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.
- (b) The Applicant will make available a copy of the written acknowledgements referred to in paragraph (a)(iii) to staff of the Commission on request; and
- (c) This order will terminate on the earlier of the closing of the Transaction and 60 days from the date hereof.

DATED this 31st day of March, 2021.

'Lina Creta'

Lina Creta
Manager, Corporate Finance
Ontario Securities Commission