

THE SECURITIES ACT

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Order No. 3511

)

Section 20

)

September 28, 2001

Mentor Exploration and Development Co., Limited

WHEREAS:

(A) Mentor Exploration and Development Co., Limited ("Mentor") made an application to The Manitoba Securities Commission ("Commission") for an order under Section 20 of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") exempting trades made under a Plan of Arrangement (defined below) from the registration and prospectus requirements of sections 6 and 37 of the Act.

(B) Mentor has been represented to the Commission:

1. Mentor is a corporation formed under the laws of Ontario under the name McDonough Exploration and Development Co., Limited by letters patent dated May 1, 1926. The Articles of Mentor have been amended from time to time. On July 2, 1996, Mentor filed restated Articles of Incorporation under the *Business Corporations Act (Ontario)* (the "OBCA"). The registered and head office of Mentor is in Toronto, Ontario;
2. The authorized capital of Mentor consists of an unlimited number of common shares (the "Mentor Shares"). As of September 12, 2001, there were 3,482,371 Mentor Shares issued and outstanding;
3. Mentor is a reporting issuer in British Columbia, Alberta and Ontario. The Mentor Shares are listed for trading on the Canadian Venture Exchange (the "CDNX");
4. Mentor's principal activity over the last five years has been investing in publicly traded Canadian mining companies and mineral exploration activities in Canada. Mentor's principal investment is its holding of approximately 4,441,148 common shares ("Sudbury Shares") of Sudbury Contact Mines, Limited ("Sudbury"), which represent approximately 22.5% of the issued and outstanding Sudbury Shares. Sudbury is a reporting issuer in Ontario and Alberta. The Sudbury Shares are listed for trading on the Toronto Stock Exchange ("TSE");
5. Aquico-Eagle Mines Limited ("Agnico") is a corporation incorporated under the OBCA with its registered and head office in Toronto, Ontario. The authorized capital of Agnico includes an unlimited number of common shares ("Agnico Shares"). As of September 6, 2001, there were 66,826,009.019 Agnico Shares issued and outstanding;

6. Agnico is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and the Agnico Shares are listed for trading on the TSE and the New York Stock Exchange (the "NYSE");

7. As of September 12, 2001, Agnico owned approximately 1,723,234 Mentor Shares, representing approximately 49.5% of the issued and outstanding Mentor Shares;

8. Mentor and Agnico entered into an agreement dated September 14, 2001 to proceed with a plan of arrangement (the "Plan of Arrangement") under the OBCA, in accordance with a final order of the Ontario Court (General Division) (the "Court"), to be issued, the proposed principal steps of which are:

(a) The Articles of Mentor will be amended to create new classes of shares of Mentor for which Mentor Shares are to be exchanged under the Plan of Arrangement:

- (i) common shares (the "Mentor New Common Shares");
- (ii) Class A preferred shares (the "Mentor New Class A Shares"); and
- (iii) Class B preferred shares (the "Mentor New Class B Shares").

It is proposed that the Mentor New Class A Shares will have, as a class, stated and paid-up capital of \$1.00 and the Mentor New Class B Shares will have, as a class, stated and paid-up capital of \$1,900,000. (The Mentor New Class A Shares and Mentor New Class B Shares collectively the "Mentor Preferred Shares").

(b) Holders of Mentor Shares may elect to exchange each Mentor Share for either:

- (i) one Mentor New Common Share and one Mentor New Class A Share; or
- (ii) one Mentor New Common Share and one Mentor New Class B Share;

(the "Mentor Share Exchange")

(c) The Mentor Shares acquired by Mentor pursuant to the Mentor Share Exchange will be cancelled;

(d) Mentor will redeem for cancellation all Mentor Preferred Shares in consideration for 1.2753303 Sudbury Shares for each Mentor Preferred Share so redeemed (the "Mentor Preferred Share Redemption");

(e) Each issued and outstanding Mentor New Common Share shall be exchanged for .21 Agnico Shares; and

(f) Agnico will amalgamate with Mentor and will continue under the name "Agnico-Eagle Mines Limited";

10. The Plan of Arrangement is subject to the satisfaction of a number of conditions, including holders of Mentor Shares approving the Plan of Arrangement, the Court granting a final order satisfactory in form and substance to Mentor and Agnico, the Director of the Corporations Branch (Ontario) accepting the Court Order and Articles of Arrangement, TSE and NYSE conditionally approving the listing of the Agnico Shares to be issued under the Plan of Arrangement, and the consent of CDNX. The principal steps in the Plan of Arrangement may change as a result of the final order by the Court;

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public interest to grant the Order requested.

IT IS ORDERED:

1. Pursuant to Section 20(1) of the Act, trades in securities made in connection with the Plan of Arrangement are exempt from sections 6 and 37 of the Act.

2. The fee for this order is \$1,000.00.

BY ORDER OF THE COMMISSION

Director - Legal