

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD
ISLAND, NEWFOUNDLAND AND LABRADOR, THE NORTHWEST
TERRITORIES, THE YUKON TERRITORY AND NUNAVUT

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MAZARIN INC. AND SEQUOIA MINERALS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (each, a Decision Maker) in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, the Yukon Territory and Nunavut (the Jurisdictions) has received an application from Mazarin Inc. (Mazarin) and Sequoia Minerals Inc. (Newco and, together with Mazarin, the Filers) for a decision under the securities legislation of the Jurisdictions (the Legislation) that:

(i) the requirements contained in the Legislation of each of the Jurisdictions, other than Manitoba, New Brunswick, Prince Edward Island and the Yukon Territory, to file and obtain a receipt for a preliminary prospectus and a prospectus (the Prospectus Requirement) shall not apply to the first trade in common shares (the Sequoia Common Shares) of Sequoia Minerals Inc. (Sequoia), a corporation to be formed by the amalgamation of 9102-3648 Quebec Inc. (9102) and Newco, acquired pursuant to a proposed plan of arrangement (the Arrangement) involving Mazarin, 9102 and Newco, provided that the conditions in section 2.6(4) of Multilateral Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators (MI 45-102) are satisfied and, for the purpose of determining the period of time that Sequoia has been a reporting issuer under section 2.6(4) of MI 45-102, the period of time that Mazarin was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the effective date of the Arrangement (as set out in the Certificate of Amendment of Mazarin issued by the Inspecteur général des institutions financières) (the Effective Date) shall be included; and

(ii) the Prospectus Requirement in each of the Jurisdictions shall not apply to control distributions of Sequoia Common Shares acquired pursuant to the Arrangement provided that the conditions in section 2.8(3) of MI 45-102 are satisfied, and

A. for the purpose of determining the period of time that Sequoia has been a reporting issuer under section 2.8(3) of MI 45-102, the period of time that Mazarin was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Effective Date shall be included; and

B. for the purpose of determining the period of time that a holder of the Sequoia Common Shares has held such shares under section 2.8(3) of MI 45-102, such holders shall be permitted to include the period of time before the Effective Date that the holder held common shares of Mazarin (the Mazarin Common Shares) or Class "C" shares of 9102 (the 9102 Class "C" Shares), as the case may be, that were converted into such Sequoia Common Shares pursuant to the Arrangement.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the System), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined herein, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

AND WHEREAS the Filers have represented to the Decision Makers that:

1. In connection with the Arrangement, Mazarin, 9102 and Newco have entered into an arrangement agreement dated November 11, 2003 (the Arrangement Agreement).

2. The Arrangement Agreement contemplates that, by means of a number of steps, each Mazarin Common Share issued and outstanding immediately prior to the completion of the Arrangement will ultimately be replaced by one post-Arrangement common share of Mazarin (a New Mazarin Common Share) and one Sequoia Common Share.

3. The Arrangement Agreement provides that the completion of the Arrangement is conditional upon, among other things, (i) the approval of Mazarin's shareholders (the Mazarin Shareholders) at a special meeting of shareholders (the Meeting), (ii) the approval of the Arrangement by the Quebec Superior Court (the Court), (iii) Mazarin, 9102 and Newco obtaining certain regulatory consents and approvals to the transactions contemplated by the Arrangement Agreement, including the relief sought in this Application, and (iv) all other closing conditions under the Arrangement Agreement having been satisfied.

4. Following completion of the Arrangement, the New Mazarin Common Shares and the Sequoia Common Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (the TSX).

5. Mazarin is a corporation incorporated under the laws of Québec. The Mazarin Common Shares are listed and posted for trading on the TSX under the symbol "MAZ".

6. Mazarin is, and has been for a period of time in excess of twelve months, a reporting issuer under the securities laws of Ontario and Québec and is not on the list of defaulting reporting issuers maintained by the OSC or the CVMQ.

7. Mazarin's head office is located at Tour de la Cité 2600 Boulevard Laurier, Suite 950, Sainte-Foy, Québec, Canada.

8. Mazarin is a mining company that primarily carries on exploration and production activities in the industrial minerals and chrysotile sectors.

9. The authorized share capital of Mazarin consists of an unlimited number of Mazarin Common Shares and an unlimited number of preferred shares. As at November 11, 2003, there were 44,363,081 Mazarin Common Shares issued and outstanding and up to 3,045,000 additional Mazarin Common Shares were issuable in connection with the exercise of stock options (the Mazarin Options). All of the holders of Mazarin Options are resident in Quebec. Mazarin has no preferred shares outstanding.

10. Based on a list of holders of Mazarin Common Shares as of October 31, 2003, Mazarin has 290 registered shareholders. As of such date, there were registered holders of Mazarin Common Shares as shown on the books of Mazarin in Ontario, Quebec, Nova Scotia, New Brunswick, British Columbia and Yukon Territory, and no registered holders in any of the other Jurisdictions.

11. 9102 is a corporation incorporated under the laws of Québec and is a direct subsidiary of Mazarin. 9102 is not currently a reporting issuer in any jurisdiction in Canada.

12. 9102's head office is located at Tour de la Cité 2600 Boulevard Laurier, Suite 950, Sainte-Foy, Québec, Canada.

13. Mazarin holds its entire interest in the industrial minerals sector through 9102.

14. The authorized share capital of 9102 currently consists of an unlimited number of Class "A" shares (the 9102 Class "A" Shares), an unlimited number of Class "B" shares, (the 9102 Class "B" Shares) and 10,344,828 9102 Class "C" Shares. All of the 33,333,333 outstanding 9102 Class "A" Shares are held by Mazarin and all of the 10,344,828 outstanding 9102 Class "C" Shares are held by SGF Mines Inc. The 9102 Class "C" Shares are convertible into common 9102 Class "A" Shares upon 9102 obtaining a TSX listing.

15. Newco is a corporation incorporated under the laws of Québec. Newco is not currently a reporting issuer in any jurisdiction in Canada.

16. Newco's head office is located at Tour de la Cité 2600 Boulevard Laurier, Suite 950, Sainte-Foy, Québec, Canada.

17. The authorized share capital of Newco consists of an unlimited number of Class "A" shares (Newco Class "A" Shares) and an unlimited number of Class "B" shares (Newco Class "B" Shares). Newco currently has no shares of any class outstanding and no shareholders, nor will it have any at any time prior to the Effective Date.

18. The Arrangement is proposed to be accomplished through a plan of arrangement under sections 49 and 123.107 of the *Companies Act* (Québec), as amended (the CAQ), and is subject to a number of conditions, including, among others, those set out in paragraph 3 above.

19. An interim order (the Interim Order) of the Court granted on November 11, 2003 pursuant to the CAQ sets out certain requirements relating to the approval of the Arrangement by Mazarin Shareholders. The Interim Order provides, among other things, that:

(a) the approval of not less than 75% of Mazarin Shareholders present or voting by proxy at the Meeting; and

(b) the final approval of the Court;

must be obtained in order for the Arrangement to be completed.

20. A proxy circular of Mazarin containing prospectus-level disclosure in respect of Sequoia and notice of the Meeting were filed with applicable Canadian securities regulatory authorities on November 14, 2003 and mailed to Mazarin Shareholders on November 18, 2003.

21. The steps involved in the Arrangement, contemplate, among other things, the following transactions occurring in the following sequence on the Effective Date:

(a) Mazarin will reorganize its share capital by (i) revoking its authorized class of preferred shares, and (ii) creating two new classes of shares - an unlimited number of New Mazarin Common Shares and an unlimited number of Class "B" shares (the Mazarin Reorganization Shares) - in addition to the existing Mazarin Common Shares;

(b) Mazarin will exchange each Mazarin Common Share issued and outstanding on the Effective Date for one New Mazarin Common Share and one Mazarin Reorganization Share;

(c) Newco will acquire all of the issued and outstanding Mazarin Reorganization Shares from the Mazarin Shareholders in exchange for the issuance of one Newco Class "A" Share for each Mazarin Reorganization Share;

(d) Mazarin will sell to Newco all of its 9102 Class "A" Shares and certain other assets for consideration which will include the issuance of 10 million Newco Class "B" Shares to Mazarin;

(e) Mazarin will redeem all of the Mazarin Reorganization Shares acquired by Newco in step (c) in consideration for the issuance to Newco of a non-interest bearing demand note (the Mazarin Note). Newco will redeem all of the Newco Class "B" Shares issued to Mazarin in step (d) in consideration for the issuance to Mazarin of a non-interest bearing note (the Newco Note) equal in amount to the Mazarin Note. The Mazarin Note and the Newco Note will be set-off against one another and cancelled; and

(f) Newco and 9102 will amalgamate to form Sequoia. Pursuant to the amalgamation, the Newco Class "A" Shares will be converted into approximately 74.2% of the Sequoia Common Shares, and the 9102 Class "C" Shares owned by SGF Mines Inc. will be converted into approximately 25.8% of the Sequoia Common Shares.

22. Following completion of the Arrangement, Sequoia will carry on the industrial minerals business formerly carried on by Mazarin, and Mazarin will continue to carry on the chrysotile business.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the Decision);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that:

1. the Prospectus Requirement in each of the Jurisdictions other than Manitoba, New Brunswick, Prince Edward Island and the Yukon Territory shall not apply to the first trade in Sequoia Common Shares acquired pursuant to the Arrangement, provided that the conditions in section 2.6(4) of MI 45-102 are satisfied and, for the purpose of determining the period of time that Sequoia has been a reporting issuer under section 2.6(4) of MI 45-102, the period of time that Mazarin was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Effective Date shall be included; and

2. the Prospectus Requirement in each of the Jurisdictions shall not apply to control distributions (as defined in MI 45-102 or other Legislation) of Sequoia Common Shares acquired pursuant to the Arrangement provided that the conditions contained in section 2.8(3) of MI 45-102 are satisfied, and:

(a) for the purpose of determining the period of time that Sequoia has been a reporting issuer under section 2.8(3) of MI 45-102, the period of time that

Mazarin was a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 immediately before the Effective Date shall be included; and

(b) for the purpose of determining the period of time that a holder of Sequoia Common Shares has held such Sequoia Common Shares under section 2.8(3) of MI 45-102, such holders shall be permitted to include the period of time before the Effective Date that the holder held the Mazarin Common Shares or the 9102 Class "C" Shares, as the case may be, that were converted into such Sequoia Common Shares pursuant to the Arrangement.

DATED at Toronto, Ontario this 23rd day of December, 2003.

"H. Lorne Morphy"

"Suresh Thakrar"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Tacking relief granted for the seasoning period and for the hold period of control persons of new issuer spun off from existing reporting issuer in connection with a plan of arrangement. The prospectus requirement shall not apply to the first trade in securities of the new issuer acquired under the arrangement or control distributions of securities of the new issuer provided that the conditions in section 2.8(3) of Multilateral Instrument 45-102 - *Resale of Securities* are satisfied, provided that in determining the period of time that a holder of securities of the new issuer has held such securities, the holder may include the period of time that the holder held securities of the existing reporting issuer prior to the arrangement.

Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 74(1) – s. 53

Applicable National Instruments

Multilateral Instrument 45-102 - *Resale of Securities*