

September 8, 2015

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, MANITOBA, NEW BRUNSWICK,
NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA,
PRINCE EDWARD ISLAND, QUEBEC AND SASKATCHEWAN
(THE JURISDICTIONS)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
CLINE MINING CORPORATION
(THE FILER)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer in the Jurisdictions (the **Exemptive Relief Sought**).

Under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (for a coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions and Interpretation* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation incorporated under the laws of the Province of British Columbia. The head and registered offices of the Filer are located at 161 Bay Street, 27th Floor, Toronto, Ontario, M5J 2S1.
2. The Filer is a reporting issuer in each of the Jurisdictions.
3. Commencing December 2011, the Filer entered into various debt financing agreements with Marret Asset Management Inc. (**Marret**). During 2013 and 2014, the Filer and Marret agreed to restructure the existing debt pursuant to debt financings of senior secured bonds and senior secured convertible bonds totaling approximately \$80 million (plus accrued interest) (collectively, the **Marret Notes**).
4. On December 3, 2014, the Filer proposed a recapitalization transaction with Marret (the **Recapitalization Plan**) to be implemented through a court supervised process. Pursuant to the Recapitalization Plan, the Filer underwent bankruptcy proceedings under an order from the Ontario Superior Court of Justice (the **Court**) issued pursuant to the *Companies' Creditors Arrangement Act*. Following unanimous approval of the plan by the Filer's creditors, the Court approved and sanctioned the Recapitalization Plan, which was given full force and effect on January 28, 2015. The certificate of implementation in respect of the Recapitalization Plan was issued on July 8, 2015.
5. As a result of the Recapitalization Plan, the previously existing common shares of the Filer (the **Old Filer Shares**) were cancelled and new common shares (the **New Filer Shares**) were issued to the holders of Marrett Notes.
6. All of the New Filer Shares and Marret Notes are owned by 13 beneficial holders. The Marret Notes continue to be outstanding, but their aggregate amount was reduced to \$55 million.
7. The outstanding securities of the Filer, including debt securities, are now beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total worldwide.
8. The Old Filer Shares were delisted from the Toronto Stock Exchange at the close of business on June 21, 2013. As of July 31, 2015, the Old Filer's Shares are no longer traded on the OTCPink. As of the date of this application, none of the Filer's securities, including debt securities, are traded in Canada, or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.
9. The Filer has applied for a decision that it is not a reporting issuer in all of the jurisdictions in which it is currently a reporting issuer.

10. The Filer filed a Notice of Voluntary Surrender of Reporting Issuer Status with the British Columbia Securities Commission (the **BCSC**) under BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* stating that it will cease to be a reporting issuer in British Columbia. The BCSC has confirmed that non-reporting status was effective on July 20, 2015.
11. The Filer is not in default of any requirement of the securities legislation in any of the Jurisdictions except for the obligation to file its quarterly financial statements for the period ended May 31, 2015 and its management discussion and analysis in respect of such financial statements, as required under National Instrument 51-102, *Continuous Disclosure Obligations* and the related certification of such financial statements as required under Multilateral Instrument 52-109 - *Certification of Disclosure in Filers' Annual and Interim Filings*, all of which became due on July 30, 2015 (the **Filings**).
12. The simplified procedure under the Canadian Securities Administrators' Staff Notice 12-307 *Application for a Decision that an Issuer is not a Reporting Issuer* is not available to the Filer, as it is in default for failure to file the Filings.
13. The Filer has no intention to access the capital markets in the future by issuing any further securities to the public, and has no intention to issue any securities other than to Marret or its affiliates.
14. The Filer is not required to remain a reporting issuer in the Jurisdictions under any contractual arrangement between the Filer and the holders of the New Filer Shares.
15. The Filer has no intention to seek public financing by way of an offering of securities.
16. Upon granting of the Exemptive Relief Sought, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test contained in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.



T. MOSELEY
Commissioner
Ontario Securities Commission



Commissioner
Ontario Securities Commission