

2002 BCSECCOM 425

Notice of Hearing

David Howard Stone

Section 161 of the *Securities Act*, RSBC 1996, c. 418

¶ 1

A hearing will be held (the Hearing) to give David Howard Stone (Stone) an opportunity to be heard before the British Columbia Securities Commission (the Commission) considers whether it is in the public interest to make the following orders:

1. under section 161(1)(c) of the *Securities Act*, RSBC 1996, c. 418 (the Act) that any or all of the exemptions described in any of sections 44 to 47, 74, 75, 98 and 99 of the Act do not apply to Stone;
2. under section 161(1)(b) of the Act, that Stone cease trading in any securities or exchange contracts;
3. under section 161(1)(d) of the Act, that Stone resign from any position he holds as a director or officer of any issuer;
4. under section 161(1)(d) of the Act, that Stone is prohibited from becoming or acting as a director or officer of any issuer;
5. under section 161(1)(d) of the Act that Stone be prohibited from engaging in any investor relations activities;
6. under section 162 of the Act that Stone pay an administrative penalty;
7. under section 174 of the Act that Stone pay prescribed fees or charges for the costs of, or related to, the Hearing; and
8. any other orders as may be appropriate in the circumstances.

¶ 2

The Commission will be asked to consider the following facts and allegations in making its determination:

1. Kensington Resources Ltd. (Kensington) has a head office in British Columbia.
2. Kensington became a reporting issuer in British Columbia on November 3, 1993, as a result of an amalgamation with an existing reporting issuer, and continues to be a reporting issuer under the Act.

2002 BCSECCOM 425

3. From November 3, 1993 to the present Kensington's securities were listed and posted for trading on the Vancouver Stock Exchange (the VSE), later the Canadian Venture Exchange (the CDNX), and now the TSX Venture Exchange (The TSX Venture) (the VSE, CDNX and TSX Venture are collectively referred to as the Exchange).
4. Stone was a director of Kensington from November, 1993, through April 7, 1997 and from June, 1997, to the present. Stone was the president of Kensington from July, 1997 to the present.
5. During the period from November, 1993, through April 7, 1997, Stone filed a total of 39 insider reports with the British Columbia Securities Commission (the Commission), and was therefore aware of his obligation to file insider reports.
6. During the period June, 1997, through December, 2000, (the Relevant Period) Stone was an insider of Kensington and made changes in his direct or indirect beneficial ownership of, or control or direction over, securities of Kensington as follows:
 - (a) held or acquired 2,124,500 options, of which 975,000 were exercised and 287,250 expired unexercised;
 - (b) acquired 136,667 warrants, which were exercised;
 - (c) acquired 296,667 common shares from treasury;
 - (d) privately acquired or disposed of 427,000 common shares; and
 - (e) acquired or disposed of 8,593,255 common shares through the facilities of the Exchange (the Market Transactions),
(collectively, the Transactions), and failed to file insider reports in respect of the Transactions contrary to section 87 of the Act.
7. The Market Transactions during the Relevant Period consisted of 1,066 transactions worth approximately \$3,000,000.
8. The Market Transactions represented 17.22% of the total trading in Kensington by volume during the Relevant Period.

2002 BCSECCOM 425

9. A cease trade order under section 164 of the Act was issued on January 12, 2001, against Stone in respect of the securities of Kensington (the Cease Trade Order), for his failure to file insider reports in respect of the Transactions.
10. The Cease Trade Order was revoked on January 24, 2001, as Stone bulk filed, on January 16, 2001, 43 insider reports with the Commission disclosing the Transactions and paid the applicable late filing fee in the amount of \$2,150.00.
11. Stone's failure to file insider reports in respect of the Transactions in accordance with section 87 of the Act was a breach of the Act, and was contrary to the public interest.

¶ 3

Stone may be represented by counsel at the Hearing, and make representations and lead evidence. Stone is requested to advise the Commission of his intention to attend the Hearing by informing the Commission Secretary at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

¶ 4

Stone or his counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Wednesday, June 5, 2002, at 9:30 am if he wishes to be heard before the Commission sets a date for the Hearing.

¶ 5

Determinations may be made in this matter if Stone or his counsel, do not appear at the Hearing.

¶ 6

May 10, 2002

Martin Eady, C.A.
A/Executive Director