

2003 BCSECCOM 62

SCHEDULE "A"

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Settlement Agreement

David Howard Stone

Securities Act, RSBC 1996, c. 418

- ¶ 1 The following settlement of facts and issues has been reached between David Howard Stone (Stone) and the Executive Director.

Agreed Statement of Facts

- ¶ 2 As the basis for the undertakings and orders referred to in this settlement, Stone acknowledges the following facts as correct:
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 *Securities Act*, RSBC 1996, c. 418.
 3. From November 3, 1993, to the present Kensington's securities have been continuously listed and posted for trading on the Vancouver Stock Exchange (VSE), the Canadian Venture Exchange (CDNX), and the TSX Venture Exchange (TSX Venture) (VSE, CDNX and TSX Venture are collectively referred to as the Exchange).
 4. Stone was a director of Kensington from November 1993 to April 7, 1997.
 5. During this period, Stone filed a total of 39 insider reports with the British Columbia Securities Commission, and was therefore aware of his obligation to file insider reports.
 6. Stone was a director of Kensington from June 1997, to the present, and also the president of Kensington from July 1997 to the present.
 7. From June 1997 to December 2000 (the Relevant Period), Stone 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 to purchase common shares, of which 975,000 were exercised and 287,250 expired unexercised;

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- (b) acquired 136,667 warrants to purchase common shares, 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 then in force and contrary to the public interest.

- 8. The Market Transactions represented 17.22% of the total trading by volume in securities of Kensington on the Exchange during the Relevant Period.
- 9. Attached as Appendix A to this agreement is a chart detailing the Transactions.
- 10. On January 12, 2001, Stone was cease traded under section 164 of the Act in respect of the securities of Kensington for his failure to file insider reports in respect of the Transactions (the Cease Trade Order).
- 11. On January 16, 2001, Stone bulk filed 43 insider reports respecting the Transactions and paid the applicable late filing fee in the amount of \$2,150.00.
- 12. On January 24, 2001, the Cease Trade Order was revoked.
- 13. Apart from the Cease Trade Order in this matter, Stone has no previous disciplinary history with the Commission.

Undertaking

¶ 3 Stone undertakes to do the following:

- 1. pay to the British Columbia Securities Commission the sum of \$15,000, of which \$2,000 represents costs of the investigation;
- 2. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question; and
- 3. comply with the Act and the *Securities Rules*, BC Reg. 194/97.

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Order

¶ 4 Stone consents to an order by the Executive Director (the Order) that:

4. under section 161(1)(c) of the Act, any and all of the exemptions described in sections 44 to 47, 74, 75, 98 or 99 of the Act do not apply to Stone until the later of:

- (a) four years from the date of the Order; and
- (b) the date Stone successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers,

except that Stone may rely on the exemption in section 45(2)(7) of the Act to trade in his own accounts through a registered dealer.

5. under section 161(1)(d) of the Act, Stone must resign any position he holds as director or officer of any reporting issuer and is prohibited from becoming or acting as a director or officer of any reporting issuer for the later of:

- (a) four years from the date of the Order; and
- (b) the date Stone successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers,

except that Stone is not required to resign as a director or officer of Kensington, or prohibited from acting as a director or officer of Kensington, as long as he successfully completes the course required in paragraph 4, item 2(b) of this settlement within one year from the date of the Order. If Stone does not successfully complete the course requirement within one year from the date of the Order, he must resign as a director and officer of Kensington as well, and no longer has any exception from that part of the Order in paragraph 4, item 2 of this settlement.

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Waiver

¶ 5 Stone waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

¶ 6 January 15, 2003

¶ 7 “David H. Stone”
David Howard Stone

“Courtney Stone”)
Witness Signature)
Courney P A Stone)
Witness Name (please print))
1722 Haultain St)
Vic BC V8R 2L2)
Address)
Clerical)
Occupation)

¶ 8 January 17, 2003

¶ 9 Stephen J. Wilson
Executive Director