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Headnote

Trades in securities of an issuer for the acquisition of an asset by the issuer's subsidiary – The asset is an interest in a resource property; in consideration for the issuer's securities, the owner of the asset will transfer the asset to the issuer's wholly-owned subsidiary

Exemption Order

Dundee Mines Ltd.

Sections 48 and 76 of the Securities Act, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Dundee Mines Ltd. (Dundee) has applied for an exemption from the requirements to be registered to trade and to file and obtain receipts for a preliminary prospectus and prospectus in sections 34(1)(a) and 61 of the Act (the registration and prospectus requirements) for certain intended trades.

Representations

- ¶ 2 Dundee represents that:
1. it was incorporated in British Columbia on April 28, 2006;
 2. its authorized share capital consists of an unlimited number of common shares, of which 16,616,560 common shares were issued and outstanding as at December 19, 2007;
 3. it is a reporting issuer under the Act and is not in default of any requirements of the Act or the *Securities Rules*, B.C. Reg. 194/97;
 4. its shares are listed for trading on the TSX Venture Exchange (Exchange). On January 2, 2008, the closing price of its shares was \$0.26;
 5. it is the beneficial owner of 100% of the issued and outstanding share capital of Yankee Girl Resources Corp. (Yankee Girl);
 6. Yankee Girl is a corporation incorporated under the laws of British Columbia and is not a reporting issuer under the Act;
 7. Yankee Girl is party to an option agreement dated April 17, 2006, and amended on December 1, 2007 (the Option Agreement), with BGM Diversified Energy Inc. (BGM), under which Yankee Girl has the right to

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acquire an interest (the Option) in certain mineral crown grants, located in Ymir, British Columbia (the Property);

8. BGM is the holder of title to the Property;
9. the Option Agreement requires, among other things, Yankee Girl to cause Dundee to pay \$105,000 to BGM, to expend \$500,000 on the Property in pre-production expenditures, and to issue to BGM common shares valued at \$250,000 (the Dundee Shares);
10. upon exercise of the Option under the Option Agreement, Yankee Girl will have acquired all of BGM's right and interest in and to the Property, subject to a 2.5% net smelter return royalty;
11. on January 2, 2008, the Exchange approved the issuance of the Dundee Shares under the Option Agreement; and
12. if Dundee acquired the Property directly rather than through its wholly-owned subsidiary Yankee Girl, Dundee could rely on the registration and prospectus exemptions in sections 45(2)(21) and 74(2)(18) of the Act or section 2.13 of National Instrument 45-106 *Prospectus and Registration Exemptions* to distribute the Dundee Shares as part of the consideration for the Property.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Commission orders that:
1. under sections 48 and 76 of the Act, Dundee is exempt from the registration and prospectus requirements for trades of the Dundee Shares to BGM under the Option Agreement, provided that Dundee files a Form 45-106F1 and pays the required fee within 10 days of each distribution; and
 2. under section 76 of the Act, any trade in the Dundee Shares issued under this Order is deemed to be a distribution unless the conditions in subsection 2.5(2) of National Instrument 45-102 *Resale of Securities* are satisfied.

¶ 4 January 11, 2008

Noreen Bent
Manager, Legal Services, Corporate Finance
British Columbia Securities Commission