

THE SECURITIES ACT

)

Order No. 2733

)

Section 20

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December 16, 1999

DAREN INDUSTRIES LTD.

WHEREAS:

(A) Application has been made by Daren Industries Ltd., formerly : Daren Resources Ltd., (the "Company") to The Manitoba Securities Commission (the "Commission") for an order pursuant to Section 20(1) of the *Securities Act*, R.S.M. 1988, c. S50 (the "Act") exempting from sections 6 and 37 trades in connection with a distribution of securities which closed November 9, 1998 which was intended to be carried out pursuant to Section 91 of the *Securities Regulation*.

(B) It has been represented to the Commission by the Company that:

1. The Company is incorporated in British Columbia and extra-provincially registered in Saskatchewan with a head office in Vancouver, B.C. The Company is a reporting issuer in British Columbia only and has been so since September 23, 1988. The Company's authorized capital is 100,000,000 common shares without par value of which 3,745,879 are currently issued and outstanding. The common shares are listed and posted for trading on the Canadian Venture Exchange.

The Placement

2. The Company filed notice of an intention to proceed with a private placement of up to 1,666,666 Special Warrants at \$0.15 per Special Warrant with the Vancouver Stock Exchange (now the Canadian Venture Exchange ("VSE")) on July 22nd, 1998 (the "Placement"). Each Special Warrant was exercisable, without any additional consideration, to acquire one unit (the "Units"). Each Unit would consist of one common share and one common share purchase warrant to purchase one additional common share at a price of \$0.15 for one year, and at \$0.20 for the next year, following closing. If not earlier exercised, the Special Warrants were to be automatically exercised one year following closing.

3. The Company obtained subscribers for the Placement utilizing an Offering Memorandum and Subscription Agreements dated July 15, 1998.

4. The Company received Subscription Agreements from two subscribers in Manitoba namely, McKeen's Holdings Limited ("McKeen's") for 200,000 Special Warrants for \$30,000.00 and from Tammy Wood ("Wood") for 13,500 Special Warrants for \$2,025.00.

5. Wood delivered an executed Subscription Agreement on August 11, 1998 and McKeen's delivered an executed Subscription Agreement on August 13, 1998.

6. A Form 23, Notice of Intention to Trade was filed with the Commission by letter dated October 22, 1998.

7. 876,833 Special Warrants were subscribed for in total which subscriptions were accepted by the VSE on November 2, 1998 and by the Company on November 9, 1998. The Placement closed on November 9, 1998.

8. The Company continued to seek further subscribers for the Placement and inadvertently failed to file a Form 27, Report of Termination of Trades within the 180 days of the filing of the Form 23. By letter dated August 24, 1999 staff of the Commission advised that the exemption in Section 91 was not available.

9. The two Manitoba subscribers are familiar with the Company's principal undertaking, being the ongoing exploration and development of the Hanson Lake Silica Project in Saskatchewan by virtue of their respective business relationship with the Company and the work carried out by them for the Company on such project.

10. The Special Warrants were automatically exercised on November 9, 1999. On December 2, 1999, the Company completed a 3:1 consolidation of its issued capital. As a result, the Company has outstanding 292,276 warrants to purchase 292,276 common shares at a price of \$0.60 until November 9, 2000, which formed part of the Units.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to issue the order requested.

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, trades to McKeen's and Woods in the course of the Placement are exempted from sections 6 and 37 of the Act provided that McKeen's and Woods be provided with a copy of this order and be given 14 days from the date they receive this order to either confirm or rescind in writing the purchase of Special Warrants under the Placement, a copy of which confirmation or rescission shall be filed with the Commission upon receipt of same by the Company.

2. THAT the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION

Director – Legal