# IN THE MATTER OF THE SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

# IN THE MATTER OF UCORE RARE METALS INC. ("Respondent")

### SETTLEMENT AGREEMENT

#### **PART I – INTRODUCTION**

- 1. The parties to this Settlement Agreement ("Agreement") are the Respondent and the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement").
- 2. The parties agree that the Nova Scotia Securities Commission ("Commission") has jurisdiction over this matter.
- 3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

### PART II - PROCEDURE FOR APPROVAL OF THE AGREEMENT

- 4. The Director of Enforcement agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as **Schedule "A"**.
- 5. The parties agree that the Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
- 6. The Director of Enforcement agrees to recommend that the allegations acknowledged and admitted by the Respondent be resolved and disposed of in accordance with this Agreement.
- 7. The parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

### **PART III - STATEMENT OF AGREED FACTS**

8. The Director of Enforcement and the Respondent agree with the facts and conclusions set out in this Part of the Agreement.

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- 9. The Respondent is a reporting issuer pursuant to the Act.
- 10. In accordance with Nova Scotia securities laws, the Respondent is required to file various materials with the Commission within specific timelines. The Respondent filed the following materials as set out below:
  - The December 31, 2010 Annual Financial Statements, Annual MD&A and Certifications of Annual Filings were due on April 30, 2011, and were filed on May 9, 2011;
  - b. The March 31, 2011 Interim Financial Statements, Interim MD&A and Certifications of Interim Filings were due on June 15, 2011, and were filed on July 5, 2011;
  - c. The June 30, 2011 Interim Financial Statements, Interim MD&A and Certifications of Interim Filings were due on August 29, 2011, and were filed on August 31, 2011; and
  - d. The September 30, 2011 Interim Financial Statements, Interim MD&A and Certifications of Interim Filings were due on November 29, 2011, and were filed on December 6, 2011.
  - e. The December 31, 2011 Annual Financial Statements, Annual MD&A and Certifications of Annual Filings were due on April 29, 2012, and were filed on June 27, 2012;
  - f. The March 31, 2012 Interim Financial Statements, Interim MD&A and Certifications of Interim Filings were due on May 30, 2012, and were filed on July 9, 2012.
- 11. By failing to file materials with the Commission in a timely manner, the Respondent violated Parts 4.2(b)(i), 4.4(b)(i) and 5.1(2) of NI 51-102.

# PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT

- 12. The Respondent admits the facts set forth in Part III herein and acknowledges that it violated Nova Scotia securities laws.
- 13. The Respondent acknowledges and admits that it violated Parts 4.2(b)(i), 4.4(b)(i) and 5.1(2) of NI 51-102.

14. The Respondent acknowledges that such violations undermine investor confidence in the fairness and efficiency of capital markets and are otherwise contrary to the public interest.

### **PART V - MITIGATING FACTORS**

- 15. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.
- 16. The Respondent cooperated with the Director of Enforcement's investigation of this matter.
- 17. At the relevant times, an employee of the Respondent with a significant role in the preparation of the continuous disclosure materials of the Respondent was experiencing circumstances that interfered with the ability of the employee to perform the employee's responsibilities in a timely manner.
- 18. Management of the Respondent was not aware of the nature and scope of the affected employee's circumstances until July 2012, at which time the Respondent took steps to provide additional support for the affected employee's job functions, including hiring additional staff with responsibility for the preparation of continuous disclosure materials.
- 19. The Respondent has revised its disclosure policies to provide earlier warning to the Board of the Respondent of potential late fillings.
- 20. The Respondent filed its June 30, 2012 Interim Financial Statements, Interim MD&A and Certifications of Interim Filings in a timely manner consistent with Parts 4.2(b)(i), 4.4(b)(i) and 5.1(2) of NI 51-102.
- 21. There were no undisclosed material changes with respect to the Respondent between the dates the filings were due and the dates the filings, set out in Part III, were made.

## **PART VI - TERMS OF SETTLEMENT**

- 22. The terms of settlement are set forth in the Order contained in **Schedule "A"** to this Agreement which is expressly incorporated herein.
- 23. The Respondent consents to the Order contained in Schedule "A".

#### **PART VII - COMMITMENTS**

24. If this Agreement is approved and the Order as set out in **Schedule "A"** is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.

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- 25. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
- 26. If this Agreement is approved by the Commission, the Respondent agrees to ablde by all terms of this Agreement as set out in the Order attached as **Schedule "A"**.
- 27. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in **Schedule "A"** is not granted by the Commission:
  - a) The Director of Enforcement and the Respondent will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
  - b) The terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of the Director of Enforcement and the Respondent or as may otherwise be required by law; and
  - c) The Respondent agrees that it will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
- 28. If, in the view of the Director of Enforcement and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, the Director of Enforcement will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to the Respondent in writing. In the event of such notice being given, the provisions of paragraph 27 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

## **VIII - DISCLOSURE OF SETTLEMENT AGREEMENT**

29. The Director of Enforcement or the Respondent may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

# IX - EXECUTION OF SETTLEMENT AGREEMENT

30. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

Dated at Halifax, Nova Scotia, this 14th day of January , 2013.

SIGNED, SEALED AND DELIVERED

In the presence of:

Ucore Rare Metals Inc.

Witness

Per: James McKenzie

Dated at Halifax, Nova Scotia, this 23 day of

SIGNED, SEALED AND DELIVERED In the presence of:

Witness

R Scott Peacock

Director of Enforcement

Nova Scotia Securities Commission

**Enforcement Branch** 

### **SCHEDULE "A"**

# IN THE MATTER OF THE SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

# IN THE MATTER OF UCORE RARE METALS INC. ("Respondent")

#### **ORDER**

(Sections 134, 135 and 135A)

WHEREAS on \_\_\_\_\_\_\_, 2012 the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 134, 135 and 135A of the Act;

AND WHEREAS the Respondent entered into a Settlement Agreement with the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement") whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND WHEREAS** the Director of Enforcement recommended approval of the Settlement Agreement;

**AND UPON** reviewing the Settlement Agreement and the Notice of Hearing, and upon hearing submissions of counsel for the Director of Enforcement and the Respondent;

AND UPON the Commission considering it to be in the public interest to make this Order;

## IT IS HEREBY ORDERED that:

- 1. The Settlement Agreement dated \_\_\_\_\_\_, 2012, a copy of which is attached, is approved;
- 2. Pursuant to section 134(1)(a) the Respondent shall comply with Nova Scotia securities laws;
- 3. Pursuant to section 135 of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of two thousand dollars (\$2,000.00); and

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(Chair)

Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in connection with the investigation and conduct of the proceedings before the Commission in the amount of five hundred dollars (\$500.00).
 DATED at Halifax, Nova Scotia, this \_\_\_\_\_\_ day of \_\_\_\_\_\_ 2012.
 NOVA SCOTIA SECURITIES COMMISSION

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