



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
RSO 1990, c S.5**

- AND -

IN THE MATTER OF HECLA MINING COMPANY

- AND -

IN THE MATTER OF DOLLY VARDEN SILVER CORPORATION

ORDER

(Subsections 104(1) and (2) and 127(1)2 of the *Securities Act*)

WHEREAS:

1. on June 27, 2016, Hecla Mining Company (“Hecla”) announced its intention to acquire all of the outstanding shares of Dolly Varden Silver Corporation (“Dolly Varden”) not already owned by Hecla and, on July 8, 2016, Hecla, through its wholly owned indirect subsidiary, 1080980 B.C. Ltd., formally commenced its bid by filing its offer and bid circular (the “Insider Offer”) on SEDAR and issuing a news release;
2. on July 5, 2016, Dolly Varden announced its intention to undertake a private placement financing to raise gross proceeds of up to \$6 million from the sale of up to: (a) 7,258,064 commons shares in the capital of Dolly Varden at a price of \$0.62 per share; and (b) 2,142,857 common shares that qualify as “flow-through shares” as defined in Canada’s *Income Tax Act* at a price of \$0.70 per flow-through share with an anticipated closing date of July 15, 2016 (the “Private Placement”);
3. on July 8, 2016, Hecla filed an application (the “BC Hecla Application”) with the British Columbia Securities Commission (“BCSC”) seeking a permanent order under subsection

161(1) of the *Securities Act*, RSBC 1996, c 418, cease trading the Private Placement and any securities issued, or that may be issued, under or in connection with the Private Placement, or in the alternative, an order cease trading the Private Placement unless and until Dolly Varden obtains a simple majority of the votes cast by Dolly Varden shareholders entitled to vote at a duly convened meeting in favour of the Private Placement;

4. on July 11, 2016, Dolly Varden filed an application with the Ontario Securities Commission (the “Commission”) pursuant to sections 104 and 127 of the *Securities Act*, RSO 1990, c S.5 (the “Act”), alleging certain deficiencies in the Insider Offer including the omission of a formal valuation as required by section 2.3 of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) (the “OSC Dolly Varden Application”);
5. on July 14, 2016, Hecla filed an application with the Commission (the “OSC Hecla Application”) seeking substantially the same relief as in the BC Hecla Application (the BC Hecla Application and the OSC Hecla Application are collectively referred to as the “Hecla Applications”);
6. on July 14, 2016, Dolly Varden signed an undertaking to the BCSC that it will not conduct a distribution of any securities, under the Private Placement or otherwise, until the BCSC renders its decision in the BC Hecla Application;
7. on July 16, 2016, Dolly Varden filed an application with the BCSC (the “BC Dolly Varden Application”) seeking substantially the same relief as the OSC Dolly Varden Application (together with the OSC Dolly Varden Application referred to as the “Dolly Varden Applications”);
8. a simultaneous hearing with respect to the Hecla Applications and Dolly Varden Applications was held in conjunction with the BCSC on July 20 and 21, 2016;
9. the Commission is of the opinion that it is in the public interest to make this Order, with reasons to follow;

IT IS HEREBY ORDERED:

1. the OSC Hecla Application is dismissed;
2. the relief granted on the OSC Dolly Varden Application is as follows:
 - a. pursuant to subsection 104(1) and (2) of the Act:
 - i. unless the Insider Offer is terminated, Hecla is required to obtain at its own expense a formal valuation of the offeree securities, to include such valuation as an addendum to the Insider Offer (the “Amended Insider Offer”), and to otherwise comply with section 2.3 of MI 61-101; and
 - ii. the Amended Insider Offer shall, unless earlier terminated, remain open for acceptance until the later of:
 1. 4:00 p.m. (Toronto time) on the date that is 35 days after the delivery of the Amended Insider Offer, or
 2. the “Expiry Time”, as defined in the Insider Offer;
 - b. pursuant to subsection 127(1)2 of the Act, the Insider Offer is cease traded until Hecla has complied with subparagraph 2.a.i of this Order.

Dated at Toronto this 22nd day of July, 2016.

“D. Grant Vingoe”

D. Grant Vingoe

“Monica Kowal”

Monica Kowal

“Deborah Leckman”

Deborah Leckman