



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF
BERNARD BOILY**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND BERNARD BOILY***

PART I - INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of Bernard Boily (the “Respondent”).

PART II - JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 29, 2011 (the “Proceeding”) against the Respondent according to the terms and conditions set out in Part V of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

* This is a translation of the original French version signed by the parties. In the event of a conflict, the signed French version shall prevail.

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts as set out in Part III and the conclusion in Part IV of this Settlement Agreement (“the Settlement Agreement”).

PART III - AGREED FACTS

A. Bear Lake Gold Ltd.

4. Bear Lake Gold Ltd. (“Bear Lake Gold”) is a gold exploration company incorporated in Ontario. The company is a reporting issuer in Ontario with shares listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “BLG”. Bear Lake Gold was previously known as NFX Gold Inc. (“NFX”) and was incorporated on July 19, 1996. In September 2008, NFX acquired Maximus Ventures Ltd. (“Maximus”) (which was then a reporting issuer on the TSX-V) and, subsequently, the new company was named Bear Lake Gold. Unless otherwise indicated, all references to Bear Lake Gold include reference to NFX and Maximus.
5. Throughout the period December 2007 and July 2009 (the “Material Period”), Bear Lake Gold had a mining exploration project in the Larder Lake gold mining district (the “Larder Lake Project”), located in north-eastern Ontario. The project was the company's primary project and principal asset.

B. Bernard Boily

6. Bernard Boily (“Boily”) is a resident of Blainville, Québec. During the Material Period, Boily served as the Manager of Exploration and, from September 2008, as the Vice-President of Explorations of Bear Lake Gold and as a Director of Maximus. Boily also acted as the qualified person (as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*¹) (“Qualified Person”) for Bear Lake Gold during the Material Period.
7. As the Qualified Person, Boily performed a critical role under Ontario securities law for the company. Among other things, National Instrument 43-101 required:

¹ *Qualified Person*: means an individual who (i) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (ii) has experience relevant to the subject matter of the mineral project and the technical report; and (iii) is in good standing with a professional association (section 1.1, NI 43-101).

- a. that all disclosure of scientific or technical information made by Bear Lake Gold concerning a mineral project on property material to the company had to be based upon information prepared by, or under the supervision of, its Qualified Person (section 2.1); and
- a. that Bear Lake Gold indicate in all written disclosure the name of the Qualified Person who had prepared or supervised the preparation of the scientific or technical information being disclosed concerning any such mineral project and whether the Qualified Person had verified the data disclosed (sections 3.1 and 3.2).

C. Publication of Gold Results for the Larder Lake Project

8. Throughout the Material Period, the Larder Lake Project was a mineral project located on property material to Bear Lake Gold. Bear Lake Gold issued numerous press releases which included positive scientific and/or technical results related to its gold findings for this project. During the Material Period, these press releases named Boily as the Qualified Person and noted that the technical content of the information had been reviewed and/or approved by him.
9. On July 21, 2009, Bear Lake Gold announced that it had become aware of "material inconsistencies" regarding its exploration results for the Larder Lake Project. The company further noted that the discrepancies appeared "serious" and could result in "significant reductions of gold values for some of the previously announced drilling intercepts." Earlier, on July 17, 2009, Bear Lake Gold shares were halted on the basis of pending news from the company.
10. An internal investigation was immediately commenced with an independent consultant, Scott Wilson Roscoe Postle Associates Inc. (now known as Roscoe Postle Associates Inc.) ("RPA"), retained to lead the technical investigation.
11. On July 24, 2009, Bear Lake Gold withdrew all of its previously announced results for the Larder Lake Project and advised investors that the results should not be relied upon. The trading in Bear Lake Gold resumed on July 28, 2009.
12. On November 3, 2009, Bear Lake Gold announced that RPA had substantially completed its technical investigation. According to Bear Lake Gold, the investigation confirmed that exploration data for the Larder Lake Project had indeed been compromised. In total, RPA

identified discrepancies related to approximately 140 assays within Bear Lake Gold's assay database (the "Assay Database").

13. Of the 58 drill hole intercepts disclosed in press releases, RPA concluded that 24 of the intercepts (41%) were affected by unsupported assays. According to RPA, after using verified data, it was determined that only 7 of the 24 affected intercepts retained a significant intercept.
14. In addition, Bear Lake Gold also provided restated exploration results for previously reported intercepts. The gold content of previously reported intercepts were, in some cases, over 1000% higher than restated values. For example, the originally released results for Hole #57AW indicated a gold value of 15.1 grams/ton ("g/t") compared to a restated result indicating only 0.6 g/t. This represented a difference of over 2400%.
15. The material differences between original and restated results included the following:

<i>Press Release</i>	<i>Hole No.</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Mineralization Type</i>	Reported Au (g/t)	Restated Au (g/t)	Difference Au (%)
04-Jun-08	38	555.2	558.1	Flow	6.5	0.7	828%
19-May-09	44W2	687.0	688.5	Carbonate	8.5	2.6	226%
		695.0	703.5	Carbonate	10.6	3.6	194%
		Including 695.0	698.5		18.3	5.1	258%
14-Jul-09	56A	1,221.5	1,222.6	Flow	23.4	3.1	654%
26-Mar-09	57AW	1,636.5	1,638.0	Flow	15.1	0.6	2416%
14-Jul-09	59	1,133.0	1,136.5	Carbonate	10.5	1.7	517%
14-Jul-09	59W	1,466.8	1,469.6	Flow	6.7	2.5	168%
19-May-09	64	619.5	624.6	Carbonate	9.9	3.0	230%
		Including 622.3	624.6		14.9	4.5	231%
		754.0	759.0	Flow	5.4	0.2	2600%
09-Jun-09	66	615.5	625.1	Carbonate	8.4	0.6	1300%
		Including 615.5	618.2		10.6	0.9	1077%
14-Jul-09	67	719.7	727.2	Carbonate	10.4	4.0	160%
14-Jul-09	70	475.5	480.0	Carbonate	11.0	0.0	N/A%

16. By November 3, 2009, RPA could not verify the significant gold values that had been originally reported by Bear Lake Gold for certain intervals for Hole #49 (19.4, 27.9 and 76.1 g/t). New samples taken from the drilling conducted for a wedge of this hole (wedge cut) produced the following results: 0.29, 1.74 and 4.74 g/t.

D. Materiality of Information

17. Upon resumption of trading on July 28, 2009, Bear Lake Gold's share price had declined significantly. The stock price closed that day at \$0.24, down 66% from a closing price of \$0.71 prior to the halt (July 17). The closing price reflected a market capitalization loss on that day alone of over \$42 million.
18. For over one year thereafter, the Bear Lake Gold share price remained at or below \$0.30.

E. The Larder Lake Assay Results

19. During the Material Period, Boily received assay results from laboratories.
20. Boily altered certain of the results received and transferred the altered results into the assay database for the Larder Lake Project (the "Assay Database").

F. Bear Lake Gold Press Releases

21. Boily prepared draft press releases for Bear Lake Gold which contained incorrect and inflated data based on the altered results mentioned in paragraph 20 above; this data was subsequently issued to the market.
22. Incorrect results were often featured prominently in Bear Lake Gold press releases and were accompanied with technical commentary which highlighted the "high-grade results" which were said to demonstrate "deep high-grade gold values," "deeper extension and continuity" of the Bear Lake Gold gold zone, and "intensity" and "great potential" of a "strong gold mineralized system" for Bear Lake Gold which "remain[ed] open to depth".
23. In one press release, dated July 14, 2009, Bear Lake Gold issued additional results for drill hole intercepts which had been re-assayed due to suspected tellurides. Several of these resampling results were highlighted by Bear Lake Gold as demonstrating a "significant increase in gold content" which "should have a positive impact on the upcoming resource estimate." These highlighted results were all inaccurate and were based on the altered results described in paragraph 20 above. In some cases, the assay results further inflated gold values which had already been previously inflated in prior press releases.

G. Investigations by Independent Qualified Persons

24. Independent Qualified Persons ("Independent QPs"), initially RPA and later InnovExplo Inc., were retained by Bear Lake Gold to prepare a technical report in support of a mineral resource estimate for the Larder Lake project, as required by section 5.3 ("Independent Technical Report") of NI 43-101.
25. Boily provided Independent QPs with altered assay results, as mentioned in paragraph 20, and Assay Databases that contained gold results which were calculated based on these altered results. Boily ought reasonably to have known that, by acting in this manner, he was misleading the Independent QPs.
26. Boily also provided InnovExplo Inc. with photographs of core from an unrelated hole which he represented as being core from Hole #57AW. The relevant interval was publicly reported as containing 15.1 g/t of gold, yet was later tested by RPA as containing a negligible amount of gold (0.6 g/t). Boily replaced the core and provided the above-mentioned photographs to InnovExplo Inc. in order to convince the company that the amount of gold in the interval was that which was initially publically disclosed.
27. Boily also caused data to be modified within a drill core log for Hole #57AW. The log was then provided to InnovExplo Inc. in order to convince the Independent QP that the amount of gold in the interval was that which was initially publicly disclosed.
28. Boily also provided incorrect information to InnovExplo Inc. to explain discrepancies encountered by the company during the data verification process.

H. Mitigating Factors

29. Prior to the events noted above, Boily had an unblemished career as a geologist for over 30 years.
30. Aside from continuing to draw his salary during the Material Period and the increase in value to the shareholdings and options in Bear Lake Gold that Boily held and that he could have sold or exercised, as the case may be (the value of which was not realised, but would have constituted a profit had the value been realised), Boily did not profit from the acts described above.

31. Boily participated in a voluntary interview for the purposes of Bear Lake Gold's internal investigation.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

32. By engaging in the conduct described in paragraphs 20, 21 and 25-28 above, Boily engaged in conduct that he reasonably ought to have known resulted in or contributed to an artificial price for Bear Lake Gold securities, contrary to subsection 126.1(a) of the Act.
33. By engaging in the conduct described in paragraphs 26-28, Boily engaged in acts which he knew perpetrated a fraud, contrary to subsection 126.1(b) of the Act.
34. The press releases referred to in paragraphs 21-23 above contained misleading and untrue statements regarding gold results for the Larder Lake Project which Boily reasonably ought to have known would reasonably be expected to have a significant effect on the market price or value of Bear Lake Gold securities, contrary to subsection 126.2(1).
35. The conduct of Boily described in paragraphs 20, 21 and 25-28 above was contrary to the public interest and abusive to the integrity of Ontario's capital markets.

PART V – TERMS OF SETTLEMENT

36. Boily agrees to the terms of settlement listed below.
37. The Commission will make an order, pursuant to sections 127(1) and 127.1 of the Act, that:
- (a) the settlement agreement is approved;
 - (b) trading in any securities by the Respondent shall cease for a period that is the later of 15 years or until the penalty and costs set out in subparagraphs (j) and (k) below are paid in full, with the exception that the Respondent shall be permitted to trade in the Locked-In Retirement Account ("LIRA") currently held by the Respondent provided that:
 - i. the Respondent's LIRA is maintained in an account managed by a person who has exclusive authority to manage the Respondent's account at the person's discretion, and the person is either (1) an adviser who is registered as an adviser with the applicable provincial securities regulatory authority in Canada; or (2) a dealer who is registered as a dealer with the applicable

provincial securities regulatory authority in Canada and is appropriately exempt from the adviser registration requirement; and

- ii. the said dealer or adviser is given a copy of this Order;
- (c) the acquisition of any securities by the Respondent shall cease for a period that is the later of 15 years or until the penalty and costs set out in subparagraphs (j) and (k) below are paid in full, with the exception that the Respondent shall be permitted to acquire securities in the LIRA currently held by the Respondent provided that:
- i. the Respondent's LIRA is maintained in an account managed by a person who has exclusive authority to manage the Respondent's account at the person's discretion, and the person is either (1) an adviser who is registered as an adviser with the applicable provincial securities regulatory authority in Canada; or (2) a dealer who is registered as a dealer with the applicable provincial securities regulatory authority in Canada and is appropriately exempt from the adviser registration requirement; and
 - ii. the said dealer or adviser is given a copy of this Order;
- (d) any exemptions contained in Ontario securities law do not apply to the Respondent for a period that is the later of 15 years or until the penalty and costs set out in subparagraphs (j) and (k) below are paid in full;
- (e) the Respondent is reprimanded;
- (f) the Respondent shall immediately resign any position he holds as a director or officer of any issuer;
- (g) the Respondent is prohibited permanently from becoming or acting as a director or officer of any issuer;
- (h) the Respondent is prohibited permanently from becoming or acting as a director or officer of a registrant;
- (i) the Respondent is prohibited permanently from becoming or acting as a director or officer of an investment fund manager;
- (j) the Respondent shall pay an administrative penalty of \$750,000 for his failure to comply with Ontario securities law. The administrative penalty shall be allocated to or for the benefit of third parties, in accordance with subsection 3.4(2)(b) of the Act; and
- (k) the Respondent shall pay costs in the amount of \$50,000.
38. The Respondent undertakes for life not to act as a Qualified Person for any issuer.

39. The Respondent further undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in the Settlement Agreement. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.
40. The Respondent agrees to attend in person at the hearing before the Commission to consider the proposed settlement.

PART VI – STAFF COMMITMENT

41. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 42 below.
42. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

43. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.
44. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
45. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.
46. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

47. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

48. If, for whatever reason, the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:
- (a) this Settlement Agreement between Staff and the Respondent, including all negotiations between Staff and the Respondent before the settlement hearing took place, shall be without prejudice to Staff and the Respondent; and
 - (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges available by law and may, among other things, seek a hearing of the allegations contained in the Statement of Allegations without regard to this Settlement Agreement, or any negotiations relating to this agreement.
49. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. Any obligations of confidentiality shall terminate upon the commencement of the public settlement hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement remain confidential indefinitely, unless Staff and the Respondent otherwise agree or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

50. This agreement may be signed in one or more counterparts which, together, constitute a binding agreement.
51. A fax copy of any signature will be treated as an original signature.

DATED AT TORONTO this day of March, 2013.

Bernard Boily
Respondent

Witness

Tom Atkinson
Director, Enforcement Branch

Schedule "A"



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**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF
BERNARD BOILY**

**ORDER
(Sections 127(1) and 127.1)**

WHEREAS on March 29, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on March 29, 2011 with respect to Bernard Boily (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff (the "Settlement Agreement"), subject to the approval of the Commission;

AND WHEREAS the Commission issued a Notice of Hearing dated March • , 2013 setting out that it proposed to consider the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing dated March 29, 2011, the Statement of Allegations of Staff, and upon considering submissions from counsel for Staff and counsel for the Respondent;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement is approved;
2. trading in any securities by the Respondent shall cease for a period that is the later of 15 years or until the penalty and costs set out in paragraphs 10 and 11 below are paid in full, with the exception that the Respondent shall be permitted to trade in the

Locked-In Retirement Account (“LIRA”) currently held by the Respondent provided that:

- i. the Respondent’s LIRA is maintained in an account managed by a person who has exclusive authority to manage the Respondent’s account at the person’s discretion, and the person is either (a) an adviser who is registered as an adviser with the applicable provincial securities regulatory authority in Canada; or (b) a dealer who is registered as a dealer with the applicable provincial securities regulatory authority in Canada and is appropriately exempt from the adviser registration requirement; and
 - ii. the said dealer or adviser is given a copy of this Order;
3. the acquisition of any securities by the Respondent shall cease for a period that is the later of 15 years or until the penalty and costs set out in paragraphs 10 and 11 below are paid in full, with the exception that the Respondent shall be permitted to acquire securities in the LIRA currently held by the Respondent provided that:
 - i. the Respondent’s LIRA is maintained in an account managed by a person who has exclusive authority to manage the Respondent’s account at the person’s discretion, and the person is either (a) an adviser who is registered as an adviser with the applicable provincial securities regulatory authority in Canada; or (b) a dealer who is registered as a dealer with the applicable provincial securities regulatory authority in Canada and is appropriately exempt from the adviser registration requirement; and
 - ii. the said dealer or adviser is given a copy of this Order;
4. any exemptions contained in Ontario securities law do not apply to the Respondent for a period that is the later of 15 years or until the penalty and costs set out in paragraphs 10 and 11 below are paid in full;
5. the Respondent is reprimanded;
6. the Respondent shall immediately resign any position he holds as a director or officer of any issuer;
7. the Respondent is prohibited permanently from becoming or acting as a director or officer of any issuer;

8. the Respondent is prohibited permanently from becoming or acting as a director or officer of a registrant;
9. the Respondent is prohibited permanently from becoming or acting as a director or officer of an investment fund manager;
10. the Respondent shall pay an administrative penalty of \$750,000 for his failure to comply with Ontario securities law. The administrative penalty shall be allocated to or for the benefit of third parties, in accordance with subsection 3.4(2)(b) of the Act; and
11. the Respondent shall pay costs in the amount of \$50,000.

DATED at Toronto this day of March, 2013.
