

TRANSLATION

July 16, 2010

In the Matter of the Securities Legislation of Québec and Ontario
(the “**Jurisdictions**”)

and

In the Matter of the **Process for Exemptive Relief Applications in
Multiple Jurisdictions**

and

In the Matter of Dianor Resources Inc. (“**Dianor**” or the “**Company**”)
and Kodiak Capital Group, LLC
(the “**Purchaser**” and, together with the Company, the “**Filers**”)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each, a “**Decision Maker**”) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (collectively, the “**Legislation**”) that:

- (a) the following prospectus disclosure requirements under the Legislation (the “**Prospectus Disclosure Requirements**”) do not fully apply to the Company in connection with the Distribution (as hereinafter defined):
 - (i) the statement in the Base Shelf Prospectus (as hereinafter defined) and the Prospectus Supplements (as hereinafter defined) respecting statutory rights of withdrawal and rescission or damages in the form prescribed by item 20 of Form 44-101F1 of *Regulation 44-101 respecting Short Form Prospectus Distributions* (“**Regulation 44-101**”); and
 - (ii) the statements in the Base Shelf Prospectus required by subsections 5.5(2) and (3) of *Regulation 44-102 respecting Shelf Distributions* (“**Regulation 44-102**”);
- (b) the prohibition from acting as a dealer unless the person is registered as such (the “**Dealer Registration Requirement**”) does not apply to the Purchaser in connection with the Distribution; and
- (c) the requirement that a dealer send a copy of the Prospectus (as hereinafter defined) to a subscriber or purchaser in the context of a distribution (the “**Prospectus Delivery Requirement**”) does not apply to the Purchaser, or the

dealer(s) through whom the Purchaser sells the Shares (as hereinafter defined) and that, as a result, rights of withdrawal or rights of rescission, price revision or damages for non-delivery of the Prospectus do not apply in connection with the Distribution;

(collectively, the “**Exemptive Relief Sought**”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Autorité des marchés financiers is the principal regulator for this application;
- (b) the Filers have provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System* (“**Regulation 11-102**”) is intended to be relied upon in the provinces of British Columbia and Alberta; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

The Company

1. Dianor is incorporated under Part IA of the *Companies Act* (Québec) and its head office is located at 649 3rd Avenue, 2nd Floor, Val-d’Or, Québec.
2. Dianor is an exploration company focused on advancing diamond exploration in Canada.
3. Dianor is a reporting issuer under the securities legislation of the provinces of British Columbia, Alberta, Ontario and Québec (the “**Provinces**”) and is not in default of the securities legislation of any jurisdiction in Canada.
4. Dianor’s authorized share capital consists of an unlimited number of common shares (the “**Shares**”), without par value, of which 217,818,758 were issued and outstanding as at April 6, 2010.

5. The Shares are listed for trading on the TSX Venture Exchange (the “TSX-V”). Based on their closing price of \$0.08 on April 6, 2010, the market capitalization of Dianor was approximately \$17 million.
6. Dianor is qualified to file a short form prospectus under section 2.2 of Regulation 44-101 and therefore is also qualified to file a base shelf prospectus under Regulation 44-102.
7. Dianor intends to file with the securities regulator in each of the Provinces a base shelf prospectus pertaining to the Shares (such base shelf prospectus and any amendment thereto, the “**Base Shelf Prospectus**”).
8. The statements required by subsections 5.5(2) and (3) of Regulation 44-102 contained in the Base Shelf Prospectus will be qualified by adding the following statement: “**However, such prospectus supplement will not be delivered to purchasers as permitted under a decision document issued by the Autorité des marchés financiers on July 16, 2010. Such prospectus supplement will be available electronically at www.sedar.com.**”.

The Base Shelf Prospectus will also include the following statement:

*Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment are not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. **However, such rights and remedies will not be available to purchasers of common shares distributed under this prospectus because the prospectus will not be delivered to purchasers, as permitted under a decision document issued by the Autorité des marchés financiers on July 16, 2010.***

The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contain a misrepresentation, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. Such remedies remain unaffected by the

non-delivery of the prospectus as permitted under the decision document referred to above.

The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

(the “**Amended Statement of Rights**”)

The Purchaser

9. The Purchaser is an investment fund established under the laws of the State of Delaware.
10. The Purchaser's head office is located at One Columbus Place, 25th Floor, New York, N.Y. 10019.
11. The Purchaser is not a reporting issuer nor registered as a registered firm as defined in *Regulation 31-103 respecting Registration Requirements and Exemptions* in any jurisdiction of Canada. The Purchaser is not in default of securities legislation in any jurisdiction in Canada.

The Distribution Agreement

12. On February 26, 2010, Dianor entered into a standby equity distribution agreement with the Purchaser pursuant to which the Purchaser has agreed to subscribe for, and the Company has the right but not the obligation to issue and sell, up to \$30 million of Shares (the “**Aggregate Commitment Amount**”) over a period of 36 months in a series of drawdowns. The Company and the Purchaser will amend this agreement as soon as possible after the issuance of this decision in order to conform with the representations and the conditions stated herein (such amended agreement, the “**Distribution Agreement**”).
13. Under the Distribution Agreement, the Company will have the sole ability to determine the timing and the amount of each drawdown, subject to certain conditions, including a maximum investment amount per drawdown and the Aggregate Commitment Amount.
14. The subscription price per Share and therefore the number of Shares to be issued to the Purchaser for each drawdown will be calculated based on a predetermined discount of 10% from the daily volume-weighted average price of the Shares on the TSX-V over a period of five trading days following a drawdown notice sent by the Company (the “**Pricing Period**”), subject to an absolute minimum subscription price of \$0.05 per Share.

15. On the fifth trading day following the last day of a Pricing Period (each, a “**Settlement Date**”), the amount of the drawdown will be paid by the Purchaser in consideration for the relevant number of newly issued Shares.
16. At the time of each drawdown notice and at each Settlement Date, the Company will make a representation to the Purchaser that the Base Shelf Prospectus, as supplemented (the “**Prospectus**”) contains full, true and plain disclosure of all material facts relating the Shares being distributed. The Company would therefore be unable to issue, or decide to issue, Shares when it is in possession of undisclosed information that would constitute a material fact or a material change.
17. On or after each Settlement Date, the Purchaser may seek to sell all or a portion of the Shares subscribed under the drawdown.
18. The Purchaser may not own, at any time, directly or indirectly, a number of Shares exceeding 15 % of the issued and outstanding Shares, unless approved by the shareholders of the Company at the next annual general and special meeting of the shareholders to be held on or about August 24, 2010.
19. The Purchaser will not, between a drawdown notice and the corresponding Settlement Date, sell Shares it owns for gross proceeds exceeding the amount of the drawdown. Also, the Purchaser, its affiliates, associates and insiders will not:
 - (a) hold a “net short position” in Shares during the term of the Distribution Agreement;
 - (b) directly or indirectly, sell any Shares between the time of delivery of a drawdown notice and the filing of the press release announcing the drawdown;
 - (c) directly or indirectly, during the term of the Distribution Agreement:
 - i) grant any right to purchase or acquire any right to dispose of, nor otherwise dispose for value of, any securities of the Company or any securities convertible into or exchangeable for any securities of the Company; or
 - ii) enter into any agreement that has the effect of transferring, in whole or in part, the economic interest or risk of ownership of any securities of the Company, such as a swap, hedge or other similar agreement.
20. No extraordinary commission or consideration will be paid by the Purchaser to a person or company in respect of the disposition of Shares to purchasers who purchase the same on the TSX-V through dealer(s) engaged by the Purchaser (the “**TSX-V Purchasers**”).

21. The Purchaser will not, in effecting any disposition of Shares, engage in any sales, marketing or solicitation activities of the type undertaken by underwriters in the context of a public offering. More specifically, the Purchaser will not (a) effect any disposition of Shares which would not be in compliance with Canadian or United States securities legislation, (b) advertise or otherwise hold itself out as a dealer, (c) purchase or sell securities as principal from or to customers, (d) carry a dealer inventory in securities, (e) quote a market in securities, (f) provide investment advice, (g) extend or arrange for the extension of credit in connection with transactions of securities of the Company, (h) run a book of repurchase and reverse repurchase agreements, (i) use a carrying broker for securities transactions, (j) lend securities to customers, (k) issue or originate securities, (l) guarantee contract performance or indemnify the Company for any loss or liability from the failure of the transaction to be successfully consummated, or (m) participate in a selling group.
22. The Purchaser will not solicit offers to purchase Shares in any jurisdiction of Canada and will complete all sales of Shares to TSX-V Purchasers either i) through a dealer unaffiliated with the Purchaser and Dianor, and registered under Canadian or United States securities legislation or ii) on a prospectus and registration-exemption basis.

The Prospectus Supplements

23. The Company intends to file with the securities regulator in each of the Provinces a prospectus supplement to the Base Shelf Prospectus (each a “**Prospectus Supplement**”) within two business days after the Settlement Date for each drawdown under the Distribution Agreement.
24. The Prospectus Supplement will include (i) the number of Shares issued to the Purchaser, (ii) the price per Share paid by the Purchaser, (iii) the information required by Regulation 44-102, including the disclosure required by subsection 9.1(3) thereof, and (iv) the Amended Statement of Rights.
25. The Base Shelf Prospectus, as supplemented by each Prospectus Supplement, will qualify (a) the distribution of Shares to the Purchaser on the Settlement Date, and (b) the disposition of Shares to TSX-V Purchasers during the period that commences on the date of issuance of a drawdown notice and ends on the earlier of (i) the date on which the disposition of such Shares has been completed or (ii) the 40th day following the relevant Settlement Date (collectively, the “**Distribution**”).
26. The Prospectus Delivery Requirement is not feasible in the context of the Distribution because the TSX-V Purchasers will not be readily identifiable as the dealer(s) acting on behalf of the Purchaser may combine the sell orders made

under the Prospectus with other sell orders and the dealer(s) acting on behalf of the TSX-V Purchasers may combine a number of purchase orders.

27. The Prospectus Supplement will contain an underwriter's certificate in the form set out in section 2.2 of Appendix B to Regulation 44-102 signed by the Purchaser.
28. At least three business days prior to the filing of any Prospectus Supplement, the Company will provide for comment to the Decision Makers a draft of such Prospectus Supplement.

Press Releases / Continuous Disclosure

29. Following the execution of the Distribution Agreement, the Company will:
 - (a) promptly issue and file a press release on SEDAR disclosing the material terms of the Distribution Agreement, including the Aggregate Commitment Amount; and
 - (b) within ten days after said execution:
 - (i) file a copy of the Distribution Agreement on SEDAR, and
 - (ii) file a material change report on SEDAR disclosing at a minimum the information required in subparagraph (a) above.
30. The Company will promptly issue and file on SEDAR a press release upon the issuance of each drawdown notice to the Purchaser, disclosing the aggregate amount of the drawdown, the maximum number of Shares to be issued and the minimum price per Share, if any.
31. The Company will:
 - (a) issue and file a press release on SEDAR on, or as soon as practicably possible after, the last day of the Pricing Period, disclosing:
 - (i) the number of Shares to be issued to, and the price per Share to be paid by, the Purchaser;
 - (ii) that the Base Shelf Prospectus and the relevant Prospectus Supplement will be available on SEDAR and specifying how a copy of these documents can be obtained; and
 - (iii) the Amended Statement of Rights; and

- (b) file a material change report on SEDAR within ten days of the Settlement Date, if the relevant Distribution constitutes a material change under applicable securities legislation, disclosing at a minimum the information required in subparagraph (a) above.
32. The Company will also disclose in its financial statements and management's discussion and analysis filed on SEDAR under *Regulation 51-102 respecting Continuous Disclosure Obligations*, for each financial period, the number and price of Shares issued to the Purchaser pursuant to the Distribution Agreement.

Deliveries upon Request

33. The Company will deliver to the Decision Makers and to the TSX-V, upon request, a copy of each drawdown notice delivered by the Company to the Purchaser under the Distribution Agreement.
34. The Purchaser will provide the Decision Makers, upon request, full particulars of trading and hedging activities by the Purchaser (and, if required, trading and hedging activities by affiliates, associates or insiders of the Purchaser) in relation to the securities of the Company during the term of the Distribution Agreement.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Makers to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted, provided that:

- (a) as it relates to the Prospectus Disclosure Requirements,
 - (i) the Company comply with the representations in paragraphs 8, 24, 25, 29, 30, 31 and 33; and
 - (ii) the number of Shares distributed by the Company under the Distribution Agreement does not exceed, in any twelve-month period, 20% of the aggregate number of Shares outstanding calculated at the beginning of such period;
- (b) as it relates to the Prospectus Delivery Requirement and the Dealer Registration Requirement, the Purchaser comply with the representations in paragraphs 19, 20, 21, 22, 27 and 34; and

- (c) this decision will only apply to Distributions completed within 25 months following the date of the receipt for the Base Shelf Prospectus, and this decision will terminate 25 months after such date.

Louis Morisset
Superintendant, Securities Markets