

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N :

INSPIRATION MINING CORPORATION

Applicant

- and -

URSA MAJOR MINERALS INCORPORATED

Respondent

**TRANSCRIPT OF ENDORSEMENT
OF MESBUR J.
(Motion Heard February 22, 2011)**

February 22, 2011

Mr. Klug for Applicant

Mr. Silver for Respondent

Applicant moves for an order fixing the date for a special shareholders' meeting of the respondent, URSA. Applicant requisitioned a meeting by delivering a notice to URSA on Oct. 29, 2010, requesting URSA call a shareholders' meeting within 21 days of that date. The requisition stated the business to be conducted "will be the election of a Board of Directors as proposed by the undersigned". The notice did not include the names of any proposed directors.

On November 19, 2010 Equity Financial Trust delivered the necessary transmissions to all applicable Exchanges and Commissions, fixing the meeting date for March 3, 2011.

URSA's management repeatedly requested the applicant to provide the names and biographical details for its proposed nominees. The applicant refused to do so, saying it is not required to.

URSA initially proposed to proceed with the meeting as scheduled, although the information had not been provided. It reserved its rights to cancel or postpone the meeting. On February 2, 2011 URSA cancelled the meeting on the basis that it could not disseminate a management information circular with a recommendation on how

shareholders should vote in respect of a slate of directors whose identities were unknown.

The applicant takes the position that in doing so, URSA improperly cancelled a properly requisitioned special meeting for shareholders. URSA takes the position that by refusing to identify “the Board of Directors as proposed by the undersigned” the applicant delivered an invalid requisition.

I agree with URSA’s position, and rely on the Decision of Sachs J. in *Reichert v. Richtree Inc.* 2003 CarswellOnt 9374 to support that conclusion. In a case very similar to this, she held “The Board cannot adequately inform their shareholders of the business to be conducted at a meeting to remove directors unless the shareholders are also advised as to who is being proposed to replace these directors. ... “Without this information the requisition to remove directors was not a valid requisition.”

I agree with this analysis, and find that the applicant’s requisition was invalid since it did not contain a list of proposed directors.

I also agree with Sachs J.’s comment that the applicant’s have a remedy. They can deliver a proper requisition including this information. The information is critically important to the shareholders’ ability to make the decisions they have to at a properly constituted meeting.

As a result, the motion is dismissed without prejudice to the applicant’s right to deliver a valid requisition.

The respondent is entitled to its costs of the motion. They are fixed at \$6,500 on a partial indemnity basis and \$9,000 on a substantial indemnity basis. It will be entitled to substantial indemnity costs if and only if it has delivered an offer to settle this motion that would engage the provisions of the Rules regarding successful offers.

In arriving at these figures for costs I have reviewed both parties’ costs outlines. I am staggered by URSA’s lawyers having spent four times as much time on this motion as applicant’s counsel. I view this as disproportionate and unwarranted and have therefore reduced their claim for costs to a more proportionate level.

[signed Mesbur J.]