

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF The Securities Act
(S.A. 1981, c.S-6.1, as amended)
(the “Act”)

- and -

IN THE MATTER OF Bridges Energy Inc., Bridges Energy Resources Ltd.,
320642 Alberta Inc., Bridges Joint Ventures Nos.1,2,3,4, and 5,
and William Cherwayko (the “Respondents”)

SETTLEMENT AGREEMENT AND UNDERTAKING

1. INTRODUCTION

- 1.1. The Agency of the Alberta Securities Commission (the “Agency”) conducted an investigation into allegations that securities of Bridges Joint Ventures 1, 2, 3, 4, and 5 were traded in Alberta without complying with the requirements of the Act; and
- 1.2. The Agency and the Respondents have agreed to resolve these allegations on the basis of the terms and conditions set out below.

2. STATEMENT OF AGREED FACTS

- 2.1. Bridges Energy Inc.(“Bridges”) is a company incorporated in Alberta. Bridges is a reporting issuer which was listed for trading on the regular equities board of the Alberta Stock Exchange (“ASE”) from March 1, 1988 to October 17, 1989. From July 8, 1987 to February 29, 1988 Bridges had been listed on the ASE as a junior capital pool corporation under the name of Quadrant Capital Corporation. On October 18, 1989 Bridges was delisted from the ASE for failure to maintain continued listing requirements. Bridges has also been cease traded in Alberta since August 16, 1989 for failure to file financial statements with the Agency.
- 2.2. Bridges Energy Resources Ltd. (“Bridges Resources”) was a company incorporated in Alberta which amalgamated with Bridges (formerly known as Quadrant Capital Corporation) and 320642 Alberta Inc. on February 1, 1988. Bridges Resources was the appointed agent for and the joint venturer with investors in Bridges Joint Ventures Nos. 1 and 2.
- 2.3. 320642 Alberta Inc. (“320642”) was a company which took part in the amalgamation described in paragraph 2.2 above. 320642 was the appointed agent for and the joint venturer with investors in Bridges Joint Ventures Nos. 3, 4 and 5.
- 2.4. Bridges Joint Ventures Nos. 1 to 5 (“Joint Ventures”) were structured pursuant to joint venture agreements between investors and the agents, described in paragraphs 2.2 and 2.3 above, appointed to develop, operate and manage the Joint Ventures on behalf of the investors. Commencing February 1, 1988 Bridges assumed the obligations of Bridges Resources and 320642 as agent for and joint venturer with investors in the Joint Ventures.

- 2.5. William Cherwayko ("Cherwayko") was President and a Director of Bridges, Bridges Resources and 320642 during all relevant times.
- 2.6. Prior to February 1, 1988, the Respondents, excepting Bridges, traded in securities namely interests in the Joint Ventures where the trades were a distribution contrary to sections 54 and 81 of the Act. No filings were made with the Agency which claimed for the distribution any exemption from registration and prospectus requirements of the Act
- 2.7. The Joint Ventures raised a total of \$1,257,817 from 50 investors resident in Alberta. The monies raised were used to purchase petroleum and natural gas rights. The investors have received some returns on their investments.

3. SETTLEMENT TERMS

- 3.1. Cherwayko undertakes to the Chief of Securities Administration not to use any of the statutory exemptions found in sections 65, 66, 66.1, 107, 115, 132, and 133 of the Act for a period of three (3) months for the date of signing of this Settlement Agreement and Undertaking;
- 3.2. Cherwayko undertakes to the Chief of Securities Administration to make a settlement payment forthwith to the Provincial Treasurer of the Province of Alberta in the amount of \$3,000.00;
- 3.3. The Agency will take no further enforcement action in these matters; and
- 3.4. The Respondents waive any right they may have under the Act, or otherwise, to a hearing, review, judicial review or appeal related to, in connection with or incidental to this Settlement Agreement and Undertaking.

Signed by William Cherwayko)
 at Calgary, Alberta this)
23 day of November, 1993)
 in the presence of:)
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)
)

"Original Signed By")
 Witness)

"Original Signed By")
 William Cherwayko)

Signed by William Cherwayko on)
 behalf of the corporate Respondents)
 and Bridges Joint Ventures Nos. 1)
 to 5 at Calgary, Alberta this)
23 day of November, 1993)
)

per: "Original Signed By")
 William Cherwayko)

) THE AGENCY OF THE
) ALBERTA SECURITIES COMMISSION
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) "Original Signed By")
) H.C. Blakey)
) Director, Market Standards)