



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  
CLIFFS NATURAL RESOURCES INC. AND SPIDER RESOURCES INC.**

**and**

**IN THE MATTER OF A HEARING UNDER SECTION 127 OF THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S. 5, AS AMENDED**

**ORDER  
(Section 127)**

**WHEREAS** on June 22, 2010, Cliffs Natural Resources Inc. (“**Cliffs**” or the “**Applicant**”) applied to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”) in respect of a take-over bid (the “**Cliffs Offer**”) to purchase all of the issued and outstanding common shares of Spider Resources Inc. (“**Spider**” or the “**Respondent**”);

**AND WHEREAS** the Applicant seeks the following relief:

- (a) a permanent order pursuant to paragraph 127(1) of the Act that trading cease in respect of any securities issued, or to be issued, under or in connection with the shareholder rights plan of Spider dated May 8, 2009 (the “**Spider Rights Plan**”), including without limitation, in respect of rights issued under the Spider Rights Plan (the “**Rights**”) and any common shares of Spider to be issued upon the exercise of the Rights;
- (b) a permanent order removing prospectus exemptions in respect of the distribution of the Rights on the occurrence of the Separation Time (as defined in the Spider Rights Plan) and in respect of the exercise of the Rights;
- (c) to the extent necessary, a temporary order pursuant to subsection 127(5) of the Act suspending the operation of the Spider Rights Plan, or providing that any rights that have been or may be issued thereunder shall not separate from the Spider common shares or become exercisable or trade separately from the Spider common shares until such

time as the matters raised in this request for a hearing have finally been disposed of by the Commission; and

(d) such further and other relief as the Commission deems appropriate in the public interest;

**AND WHEREAS** the Applicant submits that it is in the public interest to cease trade the Spider Rights Plan to allow Spider shareholders to decide for themselves whether to accept the Cliffs Offer or the proposed merger transaction with KWG Resources Inc. (“**KWG**”);

**AND WHEREAS** by response dated June 25, 2010, Spider submits that maintaining the Spider Rights Plan in place encourages Cliffs to remove what Spider alleges are coercive elements of the Cliffs Offer and allows Spider shareholders to choose between the two competing transactions, namely the Cliffs Offer and the proposed merger with KWG (the “**KWG Merger**”);

**AND WHEREAS** on June 29, 2010, Cliffs filed and served reply submissions and a Supplementary Application Record;

**AND WHEREAS** on June 29, 2010, Staff of the Commission (“**Staff**”) submitted that the Commission should cease trade the Spider Rights Plan, or, alternatively, make a cease trade order conditional upon Cliffs extending the Cliffs Offer for 10 days following initial take-up;

**AND WHEREAS** a hearing of the Application was held on June 30, 2010 (the “**Hearing**”), attended by Cliffs, Spider and Staff;

**AND WHEREAS** the affidavit of Cynthia Thomas, a Director of KWG and Chair of the KWG Special Committee, sworn June 29, 2010 (the “**Thomas Affidavit**”), was filed with the Commission in advance of the Hearing, and whereas Cliffs objected to the admission of the Thomas Affidavit but consented to KWG making submissions on the issue, and whereas the Commission, having considered the submissions of Cliffs, Spider and KWG, admitted the Thomas Affidavit into evidence;

**AND WHEREAS** the Cliffs Offer, as amended (the “**Amended Cliffs Offer**”), expires on July 6, 2010, at 12:01 a.m., and KWG has undertaken to deliver to Spider its offer, if any, to amend the Combination Agreement entered into by Spider and KWG (the “**Combination Agreement**”) to match the Amended Cliffs Offer by July 2, 2010, at 10:00 a.m. (“**Amended KWG Offer**”), on the basis that Spider will use its best efforts to advise KWG by July 5, 2010, at 10:00 a.m., whether any Amended KWG Offer matches the Amended Cliffs Offer;

**AND WHEREAS** the Special Meeting of Spider shareholders is scheduled to be held on July 8, 2010 (the “**Special Meeting**”), and the KWG Merger must be approved by 66 $\frac{2}{3}$  percent of Spider shareholders present in person or by proxy at the Special Meeting;

**AND WHEREAS** it appears to the Commission that the Application is premature considering all the circumstances, and in particular, the ongoing auction between Cliffs and KWG for Spider;

**AND WHEREAS**, having considered the evidence and submissions presented at the Hearing, the Commission is not persuaded that it is in the public interest to cease trade the Spider Rights Plan at this time;

**IT IS ORDERED THAT** the Application is dismissed.

**DATED AT TORONTO** this 2<sup>nd</sup> day of July, 2010.

*“Mary G. Condon”*

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Mary G. Condon

*“Paulette L. Kennedy”*

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Paulette L. Kennedy