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Headnote

Securities Act s. 48, 76 - Corp Acquisitions & Reorgs – relief from registration and prospectus requirements in ss. 34(1)(a) and 61 - Trades in securities of an issuer for the acquisition of an asset by the issuer's subsidiary - The asset is an interest in a resource property; in consideration for the issuer's securities, the owner of the asset will transfer the asset to the issuer's wholly-owned subsidiary

Exemption Order

Western Prospector Group Ltd.

Sections 48 and 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Western Prospector Group Ltd. (Western Prospector) has applied for an exemption from the requirements to be registered to trade and to file and obtain receipts for a preliminary prospectus in sections 34(1)(a) and 61 of the Act (the registration and prospectus requirements) for certain intended trades.

Representations

- ¶ 2 Western Prospector represents that:
1. it was incorporated in British Columbia on April 3, 1998;
 2. its authorized share capital consists of an unlimited number of common shares, of which 40,988,862 shares were issued and outstanding as at June 20, 2006;
 3. it is a reporting issuer in British Columbia, Alberta and Ontario and is not in default of any requirements of the securities legislation in those jurisdictions;
 4. its shares are listed for trading on the TSX Venture Exchange (Exchange);
 5. it owns 100% of the issued and outstanding share capital of Western World Holdings Ltd., a company incorporated under the laws of Labuan, Malaysia (Western World);
 6. Western World owns 100% of the issued and outstanding share capital of Western Fortune Ltd., a company incorporated under the laws of Labuan, Malaysia (Western Fortune);

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7. Western Fortune owns 100% of the issued and outstanding share capital of Western Prospector (Mongolia) LLC, a company incorporated under the laws of Mongolia (Western Mongolia);
8. Western World, Western Fortune and Western Mongolia are not reporting issuers in any province or territory of Canada;
9. Western Mongolia entered into an agreement (Option Agreement) with Chognon Khairkhan LLC and D. Tsogtgerel (together, the Vendors), dated effective September 30, 2004 to purchase mineral exploration license number 7685X in Mongolia (the Property) in consideration for cash payments in stages totalling US\$1,025,000 on or before October 1, 2008 (of which US\$275,000 has been paid to date), and a 2% NSR royalty on future production;
10. Western Mongolia and the Vendors entered into an agreement (Termination Agreement) effective June 20, 2006 in which Western Mongolia would acquire all remaining interests of the Vendors in the Property and thereby terminate the Option Agreement;
11. the Termination Agreement requires Western Mongolia to pay an aggregate of US\$500,000 to the Vendors and Western Prospector to issue an aggregate of 250,000 Common shares (Western Shares) in the capital of Western Prospector to designees of the Vendors;
12. upon making the cash payments and issuing the Western Shares under the Termination Agreement, Western Mongolia will have acquired all of the Vendor's right and interest in and to the Property;
13. the Exchange has approved the issuance of the Western Shares under the Termination Agreement; and
14. if Western Prospector acquired the Property directly, rather than through its indirectly wholly-owned subsidiary Western Mongolia, Western Prospector could rely on the registration and prospectus exemptions in sections 45(2)(21) and 74(2)(18) of the Act or section 2.13 of National Instrument 45-106 *Prospectus and Registration Exemptions* to distribute the Western Shares as part of the consideration.

Order

- ¶ 3 Considering that it is not prejudicial to the public interest, the Executive Director orders that:

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1. under sections 48 and 76 of the Act, Western Prospector is exempt from the registration and prospectus requirements for trades of Western Shares to the Vendors or the Vendors' designees under the Termination Agreement, provided that Western Prospector files a Form 45-106F1 within 10 days of distributing the Western Shares or any portion thereof; and
2. under section 76 of the Act, any trade in the Western Shares issued under this Order is deemed to be a distribution unless the conditions in subsection 2.5(2) of National Instrument 45-102 *Resale of Securities* are satisfied.

¶ 4 June 27, 2006

Denise Duifhuis, Acting Manager
Legal Services
British Columbia Securities Commission