

# 2002 BCSECCOM 6

ORDER UNDER SECTION 4.1 OF MULTILATERAL INSTRUMENT 45-102

PACIFIC MINERALS INC.

## Background

[para 1]

Pacific has applied for an exemption from the requirement contained in the definition of qualifying issuer (Qualifying Issuer) in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102) to have a current AIF (Current AIF), as defined in MI 45-102, filed on SEDAR.

## Representations

[para 2]

Pacific represents that:

1. it is incorporated under the laws of British Columbia, is a reporting issuer, and is not in default of any requirement under the *Securities Act*, R.S.B.C. 1996, c. 418 or the *Securities Rules*, B.C. Reg. 194/97;
2. its authorized share capital consists of 200,000,000 shares divided into 100,000,000 common shares and 100,000,000 preferred shares, of which 6,063,956 common shares and no preferred shares were issued and outstanding as at November 30, 2001;
3. until April 19, 2001, it was a wholly owned subsidiary of Global-Pacific Minerals Inc. (Global);
4. by way of a statutory plan of arrangement (the Arrangement), effective April 19, 2001, among Global, Pacific and UNIREX, Inc., all of the operating business assets of Global were transferred to Pacific and the shares of Pacific were then distributed by Global to the Global shareholders on the basis of one Pacific common share for every five shares held in Global;
5. its common shares are listed and posted for trading on the Canadian Venture Exchange Inc. (CDNX);
6. its financial year end is December 31;
7. immediately prior to the Arrangement, Global filed its 2000 annual information form on SEDAR, and immediately after the Arrangement, Global filed its 2001 annual information form on SEDAR; the disclosure in both annual information forms is based on Global's pre-Arrangement business assets that were transferred to Pacific as part of the Arrangement;
8. in May 2001, Pacific decided to indirectly acquire additional mineral properties through the acquisition of Pacific PGM Inc. (PPI), the holder of certain mineral property interests;
9. PPI is a company incorporated under the laws of the British Virgin Islands;

10. Pacific entered into a share acquisition agreement (the Acquisition Agreement) dated June 1, 2001 with the shareholders of PPI (PPI Vendors);
11. all of the PPI Vendors are non-residents of Canada, with the exception of Rui Feng, the President of Pacific;
12. under the Acquisition Agreement, Pacific agreed to acquire (the Acquisition) all of the issued and outstanding PPI shares in exchange for the issuance to PPI Vendors of a total of 15,000,000 Pacific common shares (the Acquisition Shares);
13. a condition to closing the Acquisition is that Pacific complete an equity financing to raise gross proceeds of \$1,500,000 (the Financing Condition);
14. the Acquisition constitutes a reverse takeover (RTO) under CDNX policies;
15. Pacific is relying on registration and prospectus exemptions under the Act to issue the Acquisition Shares to the PPI Vendors;
16. an extraordinary general meeting (EGM) of the shareholders of Pacific was held on December 13, 2001, where shareholders voted, amongst other matters, to approve the Acquisition;
17. the CDNX has given its approval in principal to the Acquisition, conditional on:
  - (a) receipt of shareholder approval at the EGM;
  - (b) completion of the Financing Condition; and
  - (c) the filing of all materials required under CDNX policies;
18. in connection with the Acquisition and the EGM, Pacific prepared an information circular (the Circular) that was:
  - (a) filed with the CDNX and accepted under its policy relating to RTO's;
  - (b) filed on SEDAR; and
  - (c) mailed to all shareholders;
19. the Circular includes:
  - (a) interim financial statements of Pacific for the three and six month periods ended March 31, 2001, and June 30, 2001, subject to a review engagement report;
  - (b) audited financial statements of PPI for the period ended May 31, 2001;
  - (c) unaudited pro forma consolidated financial statements of Pacific as at June 30, 2001, which are accompanied by a compilation report expressing an opinion that the pro forma statements have been properly compiled to give effect to, among other things, the Acquisition and the Financing Condition;
  - (d) audited financial statements of Global for the years ended December 31, 1998, 1999 and 2000; and

- (e) a valuation report dated August 10, 2001, as supplemented November 2, 2001, prepared by Hatch Associates Ltd. in respect of certain mineral assets held by PPI;
- 20. in support of the Acquisition, Pacific caused Hatch Associates to complete an independent technical review report (the Technical Report) dated June 10, 2001, which was prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, was accepted by the CDN for the purpose of the RTO and was filed under Pacific's SEDAR profile;
- 21. to satisfy the Financing Condition, Pacific is undertaking a private placement, relying on registration and prospectus exemptions under the Act, of 4,285,715 units (the Units) at \$0.35 per Unit; each Unit is comprised of one Pacific common share and one share purchase warrant, entitling the holder to purchase an additional Pacific common share at \$0.40 for a period of two years;
- 22. under a letter agreement dated September 28, 2001, between Pacific and Haywood Securities Inc., which will be superseded by an agency agreement, Pacific has agreed to appoint Haywood Securities Inc. as its agent (Agent) to offer the Units for sale on a best efforts agency basis to certain subscribers;
- 23. as part of the consideration for services performed by the Agent, Pacific has agreed to issue to the Agent the number of share purchase warrants (the Agent's Warrants) equal to 10% of the number of Units sold by the Agent entitling the Agent to purchase an additional common share at \$0.40 for a period of one year; and
- 24. Pacific is not a Qualifying Issuer as it does not have a Current AIF filed in British Columbia;

#### **Order**

[para 3]

Because it is not prejudicial to the public interest the Executive Director orders, effective December 28, 2001, that:

- 1. under section 4.1 of MI 45-102, Pacific is exempt from the requirement contained in the definition of Qualifying Issuer to have a Current AIF filed on SEDAR provided that:
  - (a) Pacific files a Form 45-102F2 on or before the tenth day after the distribution date of each of the Units, Agent's Warrants and Acquisition Shares certifying that it is a Qualifying Issuer except for the requirement that Pacific have a Current AIF; and
  - (b) at the distribution date of any of the Units, Agent's Warrants and Acquisition Shares, Pacific has filed a notice on SEDAR advising that it has filed the Circular as an alternative form of AIF and identifying the SEDAR project number under which the Circular was filed; and
- 2. this order expires 140 days after Pacific's financial year ended December 31, 2001.

[para 4]

DATED January 3, 2002