

2006 BCSECCOM 345

May 31, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 76 - Exemption from s. 61 requirement to file a prospectus in connection with a distribution - First trade relief for securities acquired under an exemption that are subject to a restricted period - The Filer is a reporting issuer with a current continuous disclosure record available on SEDAR; the sellers acquired the securities under the short form offering document exemption; securities acquired in excess of \$40,000 are subject to restrictions on resale

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 61 and 76

National Instrument 45-102 *Resale of Securities*, s. 2.5 and Appendix D

National Instrument 45-106 *Prospectus and Registration Exemptions*, s. 5.2

In the Matter of
the Securities Legislation of
Alberta and British Columbia
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Telkwa Gold Corporation

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the prospectus requirement (the Prospectus Requirement) of the Legislation does not apply to the first trades of the Base Securities (as defined below) acquired by four investors in Alberta and British Columbia who each purchased more than \$40,000 under an exempt offering (the Requested Relief).

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2. Under the Mutual Reliance Review System for Exemptive Relief Applications (MRRS):
 - 2.1 the Alberta Securities Commission is the principal regulator for this application; and
 - 2.2 this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

4. This decision is based on the following facts represented by the Filer:
 - 4.1 Telkwa is an Alberta corporation with its head office in Calgary, Alberta.
 - 4.2 Telkwa is a reporting issuer in each of the Jurisdictions and is not on the list of reporting issuers in default in any of the Jurisdictions.
 - 4.3 Telkwa's common shares are listed and quoted for trading on the TSX Venture Exchange.
 - 4.4 On April 28, 2006 Telkwa completed a distribution of 10,000,000 units, each unit consisting of one common share and one-half of one common share purchase warrant (the Offered Securities) to purchasers in the Jurisdictions (the Offering).
 - 4.5 The distribution of the Offered Securities was made in reliance on the exemption in section 5.2 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106).
 - 4.6 Section 2.5 of National Instrument 45-102 *Resale of Securities* (NI 45-102) imposes a four-month restricted and seasoning period on the first trade of all Offered Securities acquired by purchasers who purchase Offered Securities with an aggregate purchase price in excess of \$40,000.
 - 4.7 Four purchasers (the Excess Purchasers) purchased Offered Securities under the Offering with an aggregate purchase price in excess of \$40,000.

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- 4.8 In the absence of this order, the first trade of Offered Securities acquired by the Excess Purchasers with an aggregate purchase price of up to \$40,000 (the Base Securities) would constitute a distribution under subsection 2.5(1) of NI 45-102.

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.
6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

Glenda A. Campbell, Q.C., Vice-Chair
Alberta Securities Commission

Stephen R. Murison, Vice-Chair
Alberta Securities Commission