

# 2003 BCSECCOM 269

## **Headnote**

Relief from registration and prospectus requirements to issue shares as consideration for the acquisition, by the issuer's wholly owned subsidiary, of a 100% interest in certain mineral properties - first trade subject to conditions

## **Exemption Order**

### **Mega Capital Investments Inc.**

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

## **Background**

- ¶ 1 Mega Capital Investments Inc. (Mega) applied for an exemption from the requirements to be registered to trade and to file and obtain receipts for a preliminary prospectus and prospectus in sections 34(1)(a) and 61 of the Act (the Registration and Prospectus Requirements) for certain intended trades.

## **Representations**

- ¶ 2 Mega represents that:
1. it was incorporated in British Columbia on April 21, 1999;
  2. it is a reporting issuer under the Act and is not in default of any requirements of the Act or the *Securities Rules*, B.C. Reg. 194/97;
  3. its shares are listed for trading on the TSX Venture Exchange (the Exchange);
  4. it is the registered owner of 99% of the issued and outstanding share capital of Minera Lagartos, S.A. de C.V. (Lagartos);
  5. the remaining 1% of Lagartos is owned by Dave Pearce, the President and a director of Mega, in trust for Mega and, as a result, Mega is the beneficial owner of 100% of the issued and outstanding share capital of Lagartos;

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6. Lagartos is a company incorporated under the laws of the Republic of Mexico and is not a reporting issuer under the Act;
7. Mega and Lagartos entered into an agreement dated November 18, 2002 (the Don Fippi Agreement) with Minera Bugambilias, S.A. de C.V. (Bugambilias), under which Bugambilias granted to Lagartos an option to acquire a 100% interest in certain properties (the Don Fippi Property);
8. as consideration for the option to acquire an interest in the Don Fippi Property, Mega and Lagartos have agreed, among other things, that Mega will allot and issue to Bugambilias an aggregate of up to 2,100,000 common shares of Mega (the Don Fippi Shares) on the following basis:
  - (a) 100,000 Don Fippi Shares within five business days after the date the Don Fippi Agreement is accepted by the Exchange (DF Effective Date); and
  - (b) commencing eight months after the DF Effective Date, one Don Fippi Share for each US dollar expended by Lagartos on the Don Fippi Property up to a maximum of 2,000,000 Don Fippi Shares;
9. Mega and Lagartos entered into an agreement dated November 18, 2002 (the Coralillo Agreement) with Minera Coralillo, S.A. de C.V. (Coralillo), under which Coralillo granted to Lagartos an option to acquire a 100% interest in certain properties (the Guigui Property);
10. as consideration for the option to acquire an interest in the Guigui Property, Mega and Lagartos have agreed, among other things, that Mega will allot and issue to Coralillo an aggregate of up to 2,100,000 common shares in the capital stock of Mega (the Guigui Shares) on the following basis:
  - (a) 100,000 Guigui Shares within five business days after the date the Guigui Agreement is accepted by the Exchange (GG Effective Date); and
  - (b) commencing eight months after the GG Effective Date, one Guigui Share for each US dollar expended by Lagartos on the Guigui Property up to a maximum of 2,000,000 Guigui Shares;
11. the Exchange has provided conditional approval to the transactions contemplated by the Don Fippi Agreement and the Coralillo Agreement; and
12. the distribution of the Don Fippi Shares and the Guigui Shares by Mega would be exempt from the Registration and Prospectus Requirements under sections

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45(2)(21) and 74(2)(18) of the Act if Mega, rather than Lagartos, was acquiring the Don Fippi and Guigui Properties;

### **Order**

¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders:

1. under sections 48 and 76 of the Act, Mega is exempt from the Registration and Prospectus Requirements for trades of the:

(a) Don Fippi Shares to Bugambilias under the Don Fippi Agreement; and

(b) Guigui Shares to Coralillo under the Guigui Agreement;

provided that Mega files a Form 45-902F and pays the required fee within 10 days of distributing the Don Fippi Shares and the Guigui Shares or any portion thereof; and

2. under section 76 of the Act, any trade in the Don Fippi Shares or the Guigui Shares issued under this order is deemed a distribution unless the conditions in subsections (2) or (3) of section 2.5 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

¶ 4 April 14, 2003

Noreen Bent  
Manager