

# 2002 BCSECCOM 138

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from the requirement to prepare and file a technical report in connection with an arrangement – property only to be in operation until the middle of 2002

## Applicable British Columbia Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, ss. 4.2 and 9.1

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NEWFOUNDLAND AND LABRADOR, NEW BRUNSWICK, AND PRINCE EDWARD ISLAND

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF DAYTON MINING CORPORATION

MRRS DECISION DOCUMENT

[para 1]

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, New Brunswick, and Prince Edward Island (the “Jurisdictions”) has received an application from Dayton Mining Corporation (“Dayton”) for a decision under the securities legislation in the Jurisdictions (the “Legislation”) that the requirement contained in the Legislation to file a current technical report for a material property (the “Technical Report Requirement”) shall not apply to Dayton with respect to its interest in the Rawhide Mine (as defined below) in connection with the filing and distribution of a joint information circular (the “Circular”) with Pacific Rim Mining Corporation (“Pacific Rim”);

[para 2]

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia Securities Commission is the principal regulator for this application;

[para 3]

AND WHEREAS Dayton has represented to the Decision Makers that:

1. Dayton is an international mining resource company engaged, both directly and through its wholly-owned subsidiaries, in the acquisition and development of precious metals properties;
2. Dayton was incorporated under the laws of British Columbia on May 7, 1985 and is a reporting issuer or the equivalent in each of the provinces of Canada except Québec and Nova Scotia;
3. Dayton’s authorized share capital is 1,000,000,000 common shares, of which 31,123,974 common shares are outstanding as of January 8, 2002; Dayton’s common shares are currently

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listed on The Toronto Stock Exchange (the "TSE") and the American Stock Exchange under the symbol "DAY";

4. Dayton's head office is located at Suite 2393 – Three Bentall Centre, 595 Burrard Street, P.O. Box 49186, Vancouver, British Columbia, V7X 1K8;

5. Dayton has been a reporting issuer since 1991 and is currently in good standing in all of the Jurisdictions;

6. Pacific Rim was incorporated under the laws of British Columbia on January 7, 1986 and is currently a reporting issuer in British Columbia, Alberta and Ontario; Pacific Rim's authorized capital is 100,000,000 common shares of which 23,498,600 common shares are outstanding as of January 8, 2002; Pacific Rim's common shares are currently listed on the TSE;

7. on January 8, 2002, Dayton entered into an amalgamation agreement with Pacific Rim under which Dayton and Pacific Rim will amalgamate (the "Amalgamation") to form an amalgamated company named "Pacific Rim Mining Corp." ("Amalco"); under the Amalgamation, Dayton shareholders will receive 1.760 common shares of Amalco in exchange for each common share of Dayton, and Pacific Rim shareholders will receive one common share of Amalco in exchange for each common share of Pacific Rim; as a result of the Amalgamation, Dayton shareholders will hold 70% of Amalco's outstanding common shares and Pacific Rim shareholders will hold 30% of Amalco's outstanding common shares;

8. Dayton and Pacific Rim must obtain their respective shareholders' approval of the Amalgamation by special resolution at a meeting to be held on or around April 2, 2002 (the "Meeting"); in connection with the Meeting, Dayton and Pacific Rim will file in the Jurisdictions and distribute to their respective shareholders the Circular containing disclosure of the business and affairs of each company, including disclosure on mineral projects on material properties;

9. section 4.2 of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") requires an issuer to file a current technical report to support information disclosed in certain documents, including an information circular, filed or made available to the public in a Canadian jurisdiction describing mineral projects on a property material to the issuer;

10. Dayton currently holds an interest in two material properties:

(a) the El Dorado exploration property located in El Salvador; a geological report on this property was completed by an independent qualified person, as defined in NI 43-101, in March, 2000; and

(b) a 49% non-operating interest in the Denton-Rawhide Mine (the "Rawhide Mine") located in Nevada, U.S.A. which Dayton acquired in April, 2000;

11. the Rawhide Mine is an open-pit heap leach gold mine, which has been in continuous operation for approximately ten years;

12. the operator and 51% owner of the Rawhide Mine is Kennecott Mining Corporation ("Kennecott"), a wholly-owned subsidiary of Rio Tinto plc ("Rio Tinto"); Rio Tinto is a public company registered in the United Kingdom and its shares are currently listed on the New York Stock Exchange and the Australian Stock Exchange;

13. no independent technical report has been prepared on the Rawhide Mine; and

14. Dayton and Kennecott intend to cease open pit mining operations at the Rawhide Mine by the middle of 2002 and only stockpiled ore will be placed on leach pads until early 2003;

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[para 4]

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

[para 5]

AND WHEREAS 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;

[para 6]

The Decision of the Decision Makers under the Legislation is that the Technical Report Requirement shall not apply to Dayton with respect to its interest in the Rawhide Mine in connection with the filing and distribution of the Circular.

[para 7]

DATED February 12, 2002.

Brenda Leong  
Director