

# 2006 BCSECCOM 730

## Headnote

Securities Act s. 48, 76 Corporate acquisitions & reorganizations – Requirements to be registered as a dealer and to file a prospectus - 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

### Trigon Exploration Canada Ltd.

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

## Background

Trigon Exploration Canada Ltd. (Trigon Canada) has 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

Trigon Canada represents that:

1. it was incorporated on November 2, 2002;
2. its authorized share capital consists of an unlimited number of common shares, of which 43,727,840 shares were issued and outstanding as at November 23, 2006;
3. 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;
4. its shares are listed for trading on the TSX Venture Exchange (Exchange);
5. it is the registered and beneficial owner of 100% of the issued and outstanding share capital of Trigon Exploration Utah Inc. (Trigon Utah);

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6. Trigon Utah is a corporation incorporated under the laws of the State of Utah, U.S.A., and is not a reporting issuer under the Act;
7. Trigon Utah entered into an agreement (Option Agreement) with Future Energy L.L.C. and E. John McDonald and Associates L.L.C. (together, the Vendors) and Trigon Canada effective September 10, 2006, to lease and obtain an option to purchase certain federal unpatented mineral claims and leases issued by the School and Institutional Trust Lands Administration in the State of Utah, United States (the Property);
8. under the laws of the United States, only U.S. citizens or U.S. corporations can hold federal unpatented mining claims;
9. the Option Agreement requires Trigon Canada to pay an aggregate of US\$361,933 as reimbursement for staking and claim maintenance costs and for payment of data relating to the Property, to issue an aggregate of 1,000,000 shares, and to grant a 2% production royalty on the Property to nominees of the Vendors;
10. upon exercise of the option under the Option Agreement, Trigon Utah will have acquired all of the Vendor's right and interest in and to the Property subject to the 2% production royalty;
11. the Exchange has approved the issuance of 1,000,000 shares under the Option Agreement; and
12. if Trigon Canada acquired the Property directly, rather than through its wholly-owned subsidiary Trigon Utah, Trigon Canada 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 shares as part of the consideration.

### **Order**

Considering that it is not prejudicial to the public interest, the Commission orders:

1. under sections 48 and 76 of the Act, that Trigon Canada is exempt from the registration and prospectus requirements for trades of its shares to the Vendors or the Vendor's designees under the Option Agreement provided that Trigon Canada files a Form 45-106F1 and pays the required fee within 10 days of each distribution; and

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2. under section 76 of the Act, that any trade in the Trigon Canada 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.

November 30, 2006

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British Columbia Securities Commission