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## Headnote

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

### Southern Silver Exploration Corp.

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

## Background

- ¶ 1 Southern Silver Exploration Corp. (Southern) 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

- ¶ 2 Southern represents that:
1. it was incorporated in British Columbia on April 30, 1963;
  2. its authorized share capital consists of an unlimited number of common shares without par value, and as of January 29, 2007, 26,571,421 common shares were issued and outstanding;
  3. it is a reporting issuer in British Columbia and Alberta and is not in default of any requirements of the securities legislation in these jurisdictions;
  4. its common shares are listed for trading on the TSX Venture Exchange (Exchange);
  5. it owns 49 of the issued shares of Minera Plata Del Sur S.A. de C.V. (Plata); the 1 remaining share is held by Abelardo Garza, President of Plata, and as a result, Southern controls 100% of the issued and outstanding share capital of Plata;
  6. Plata is a corporation incorporated under the laws of Mexico and is not a reporting issuer in any province or territory of Canada;

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7. Southern and Plata are parties to an agreement effective as of January 19, 2007 with Soltoro Ltd. (Soltoro), (the agreement), under which Plata, and Southern through Plata, will acquire an interest (option) in a certain mining concession, located in Jalisco State, Mexico (the property);
8. under the laws of Mexico, only Mexican citizens and Mexican corporations can hold mining concessions;
9. the agreement requires Southern to issue to Soltoro a total of 500,000 common shares to acquire the property in the name of Plata;
10. upon exercise of the option, Plata will acquire 70% of Soltoro's right and interest in the property;
11. on February 1, 2007, the Exchange accepted the agreement for expedited filing; and
12. if Southern acquired the property directly rather than through its wholly-owned subsidiary Plata, it 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 for the property.

### Order

- ¶ 3 Because it is not prejudicial to the public interest, the Commission orders that:
1. under sections 48 and 76 of the Act, Southern is exempt from the registration and prospectus requirements for trades of its shares to Soltoro under the agreement, provided that Southern files a Form 45-106F1 and pays the required fee within 10 days of each distribution; and
  2. under section 76 of the Act, any trade in the Southern 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.

¶ 4 February 15, 2007

Noreen Bent  
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British Columbia Securities Commission