

2008 BCSECCOM 163

March 11, 2008

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 45-106, s.7.1 - Prospectus and Registration Exemptions - Form 45-106F2 - An issuer wants relief from the requirement to deliver an offering memorandum in the required form - The applicant will provide audited financial statements of its two predecessor entities that are the basis of the applicant's business to a more recent date than is required by the offering memorandum

Applicable British Columbia Provisions

National Instrument 45-106, s. 2.9 and 7.1, Form 45-106F2

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
Obsidian Strategies Inc.
(the Filer)

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of Alberta and British Columbia (the Jurisdictions) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements contained in Item B.4 of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* (Form 45-106F2) (the Requested Relief).

Application of Principal Regulator System

2. Under the Mutual Reliance Review System for Exemptive Relief Applications

2008 BCSECCOM 163

- (a) the Alberta Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of the Decision Makers.

Interpretation

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

Representations

- 4. This decision is based on the following facts represented by the Filer:
 - (a) The Filer's head office is located in Edmonton, Alberta.
 - (b) The Filer is a non-qualifying issuer.
 - (c) The Filer's business is based on two predecessor entities: Obsidian Longbow Limited Partnership (Obsidian LP) and Obsidian Strategics Inc. (Obsidian), the general partner of Obsidian LP.
 - (d) The Filer's financial year-end is March 31st.
 - (e) Obsidian's financial year-end was April 30th.
 - (f) Obsidian LP's financial year-end was December 31st.
 - (g) As an amalgamated corporation, the Filer is a continuation of the constituent entities; as such, the Filer has completed one or more financial years.
 - (h) As part of a reorganization, the assets of Obsidian LP were transferred to 1279857 Alberta Ltd. (1279857) on November 6th, 2007.
 - (i) Obsidian LP was wound up on November 6th, 2007.
 - (j) The Filer was then formed pursuant to the amalgamation of Obsidian and 1279857 under the laws of the Province of Alberta on February 1st, 2008.
 - (k) The following audited financial statements have been prepared for Obsidian:

2008 BCSECCOM 163

- (i) statements of income and retained earnings for the period of May 1, 2007 to November 6, 2007 and a balance sheet as at November 6, 2007; and
 - (ii) statements of income and retained earnings for the period of May 1, 2006 to April 30, 2007 and a balance sheet as at April 30, 2007.
- (l) The following audited financial statements have been previously prepared for Obsidian LP:
 - (i) statements of income, retained earnings and cash flows for the period of January 1, 2007 to November 6, 2007 and a balance sheet as at November 6, 2007; and
 - (ii) statements of income, retained earnings and cash flows for the period of January 1, 2006 to December 31, 2006 and a balance sheet as at December 31, 2006.
- (m) The Filer is preparing an offering memorandum (the Offering Memorandum) to be dated March 3rd, 2008.
- (n) The Offering Memorandum is being prepared in accordance with Form 45-106F2.
- (o) Pursuant to Item B.4 of Form 45-106F2, the Filer is required to include the following financial information in its Offering Memorandum:
 - (i) statements of income, retained earnings and cash flows for the most recently completed financial year that ended more than 120 days before the date of the offering memorandum;
 - (ii) a balance sheet as at the last day of the most recently completed financial year that ended more than 120 days before the date of the offering memorandum;
 - (iii) statements of income, retained earnings and cash flows for the most recently completed interim period ending 9, 6, or 3 months before the end of the issuer's financial year, if that interim period ended more than 60 days before the date of the offering memorandum, and ended after the date of any financial statement required under B.4(a); and
 - (iv) a balance sheet dated as at the ending date of the statements required by B.4(c).

2008 BCSECCOM 163

- (p) As a result of the amalgamation, the Filer is unable to provide the financial information required by Item B.4 of Form 45-106F2.
- (q) The Filer will include the following financial statement disclosure in the Offering Memorandum:
 - (i) An unaudited consolidated balance sheet as at February 1, 2008 for the Filer;
 - (ii) audited statements of income and retained earnings for the period of May 1, 2007 to November 6, 2007 and an audited balance sheet as at November 6, 2007 for Obsidian;
 - (iii) audited statements of income and retained earnings for the period of May 1, 2006 to April 30, 2007 and an audited balance sheet as at April 30, 2007 for Obsidian;
 - (iv) audited statements of income, retained earnings and cash flows for the period of January 1, 2007 to November 6, 2007 and an audited balance sheet as at November 6, 2007 for Obsidian LP; and
 - (v) audited statements of income, retained earnings and cash flows for the period of January 1, 2006 to December 31, 2006 and an audited balance sheet as at December 31, 2006 for Obsidian LP.

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 and the Requested Relief is granted.

Blaine Young
Associate Director, Corporate Finance
Alberta Securities Commission