

2007 BCSECCOM 674

November 8, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - *Securities Rules* s. 162(3) - Exemption from the Valuation Requirements - An issuer wants relief from the requirement to obtain a formal valuation in connection with its insider bid for the outstanding common shares of a target company and the requirement to include in the take-over bid circular a summary of the formal valuation and outline of any other valuation made within the last 24 months - The bid is an insider bid by virtue of the offeror beneficially owning more than 10% of the target company's outstanding shares; the offeror has not had any board or management representation with the target company in the last 12 months; the offeror does not have access to any material information concerning the target company or its securities that have not been publicly disclosed

Applicable British Columbia Provisions

Securities Rules, ss. 162(2), 162(3)

Form 62-902F, Item 14

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba,
Nova Scotia and Newfoundland and Labrador
(collectively, the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Wega Mining ASA and Wega Mining Inc.
(the Applicants)

MRRS Decision Document

Background

- ¶ 1 The local securities regulatory authority or regulator (the Decision Makers) in each of the Jurisdictions has received an application from the Applicants for a

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decision under the securities legislation of the Jurisdictions (the Legislation) that the Applicants be exempt:

- (a) in all of the Jurisdictions, from the requirement (the Valuation Requirement) under the Legislation that any offer or circular in respect of an “insider bid” contain a summary of a valuation of the offeree issuer or an outline of any prior valuation of the offeree issuer or its assets or securities (the Valuation Relief); and
- (b) in all of the Jurisdictions other than the Provinces of British Columbia and Saskatchewan, from the Valuation Requirement in connection with any second step business combination or going private transaction pursued by the Applicants (the Second Step Relief);

(collectively, the Requested Relief) in connection with Wega Mining Inc. (the Offeror)’s offer (the Offer) to acquire all of the common shares (the Goldbelt Shares) of Goldbelt Resources Ltd. (Goldbelt), including shares issued upon the exercise of options or pursuant to performance rights, at a price of Cdn.\$1.55 cash per Goldbelt Share.

Under the Mutual Reliance Review System for Exemptive Relief Applications (the MRRS):

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

- ¶ 3 This decision is based on the following facts represented by the Applicants:
- 1. Wega Mining ASA (Wega) is an international mining company; its head office and principal place of business is located in Oslo, Norway; Wega’s shares trade on Oslo Axess, a venture exchange regulated by the Oslo Stock Exchange; Wega is not a reporting issuer in any of the provinces or territories of Canada;

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2. the Offeror is a wholly-owned subsidiary of Wega, incorporated under the *Business Corporations Act* (British Columbia) (the BCBCA); the Offeror has not otherwise carried on and will not, prior to the expiry time of the Offer, otherwise carry on any material business or activity other than entering into the Support Agreement (defined below) and performing its obligations thereunder;
3. the Offeror's registered and head office is located in Vancouver, British Columbia; the Offeror is not a reporting issuer in any of the provinces or territories of Canada;
4. on October 17, 2007, Wega, the Offeror and Goldbelt entered into a support agreement (the Support Agreement);
5. in the Support Agreement, the Offeror agreed to subscribe for 16,000,000 Goldbelt Shares (the Private Placement Shares) from Goldbelt at a price of Cdn.\$0.90 each (the Subscription) subject to, among other things, the approval of the TSX; the purpose of the Subscription is to ensure that Wega will obtain adequate funds necessary to develop certain mining assets of Goldbelt in Burkina Faso;
6. the Support Agreement also describes the terms and conditions of the Offer to acquire all of the Goldbelt Shares; the Offeror expects to make the Offer;
7. on October 18, 2007, Wega and Goldbelt announced that they had entered into the Support Agreement and announced the Offeror's intention to make the Offer;
8. the Offer will be made by way of take-over bid circular setting out the terms of the Offer (the Circular) mailed to holders of Goldbelt Shares (the Shareholders) and holders of options and performance rights for Goldbelt Shares, and prepared in compliance with securities legislation of the provinces of Canada; the Offer and accompanying Circular are expected to be mailed by November 5, 2007;
9. the Offer will comply with the take-over bid requirements of the Legislation and the applicable take-over bid requirements of the other Canadian jurisdictions where registered holders of Goldbelt Shares are located;
10. Wega's purchase of, and Goldbelt's issuance of, the Private Placement Shares pursuant to the previously agreed Subscription will be completed on the fifth business day after the later of (a) the commencement of the Offer and (b) the date on which approval of the TSX for the listing of such Private Placement

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Shares is obtained by Goldbelt, provided that, if such approval has not been obtained by the fifth business day prior to the first scheduled expiry date of the Offer, the parties' respective obligations to complete the Subscription will be terminated.

11. under the Legislation, the Offeror may be deemed to beneficially own the Private Placement Shares because of the Subscription; accordingly, under the Legislation, the Offeror may be deemed to beneficially own more than 10% of the outstanding Goldbelt Shares at the time of the Offer and, therefore, the Offer may be an "insider bid" for purposes of the Legislation;
12. the Applicants are not aware of, and were not provided with, any prior valuations (as such term is defined in Ontario Securities Commission Rule 61-501 – *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* (Rule 61-501)) made within twenty-four months of the date hereof, except for valuations or appraisals prepared by the Applicants or an entity retained by the Applicants for the purpose of assisting the Applicants in determining the price at which to make the Offer, and the Offer and Circular will disclose the same;
13. the Applicants and Goldbelt are arm's-length parties; the Applicants do not own any Goldbelt Shares;
14. neither of the Applicants nor any joint actor with the Applicants has, or has ever had, any board or management representation in respect of Goldbelt or any of its subsidiaries or insiders;
15. the Applicants do not, after reasonable inquiry, have knowledge of any material information concerning Goldbelt or the Goldbelt Shares that has not been publicly disclosed and lacks access to relevant information that would enable the Applicants to satisfy the Valuation Requirement;
16. the Offer is not an "insider bid" for purposes of Rule 61-501 as neither of the Applicants is an "issuer insider" of Goldbelt, and the Offer and Circular will disclose the same. An equivalent result is obtained under Québec Regulation Q-27 – *Respecting Protection of Minority Securityholders in the Course of Certain Transactions* (Regulation Q-27).
17. in connection with any second step business combination or going private transaction, the Applicants intend to rely on the exemption available under subparagraph 4.4(1)5 of Rule 61-501 from the formal valuation requirement, and the equivalent exemption under Regulation Q-27, in that:

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- (a) the second step business combination or going private transaction will be effected by the Offeror or an affiliate(s) of the Offeror following the formal bid constituted by the Offer and will be in respect of the Goldbelt Shares that will be the subject of the Offer and that are not acquired under the Offer;
- (b) the second step business combination or going private transaction will be completed no less than 120 days after the date of expiry of the Offer;
- (c) the consideration per Goldbelt Share paid by the Offeror or an affiliate of the Offeror in the second step business combination or going private transaction will be:
 - (i) at least equal in value to the consideration per Goldbelt Share that is being paid by the Offeror under the Offer; and
 - (ii) in cash or in redeemable preferred shares redeemed for cash within seven days of issuance, which is, or is deemed to be, the same form as the consideration per Goldbelt Share being paid by the Offeror under the Offer;
- (d) the intent of the Applicants to effect a second step business combination or going private transaction will be disclosed in the Offer and the Circular; and
- (e) the Offer and the Circular will disclose:
 - (i) that if the Offeror acquires Goldbelt Shares under the Offer, the Applicants intend to acquire the remainder of the outstanding Goldbelt Shares by a statutory compulsory acquisition pursuant to Section 300 of the BCBCA or second step business combination or going private transaction; and
 - (ii) the expected tax consequences of the Offer and the second step business combination or going private transaction, to the extent those consequences are reasonably foreseeable at the time of the Offer.

Decision

- ¶ 4 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.

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The decision of the Decision Makers pursuant to the Legislation is that the Valuation Relief is granted provided that the Applicants comply with the other requirements in the Legislation applicable to formal take-over bids.

The decision of the Decision Makers in Alberta, Manitoba, Nova Scotia and Newfoundland and Labrador under the securities legislation in those jurisdictions is that the Second Step Relief is granted provided that the Applicants comply with the other requirements in the Legislation applicable to formal take-over bids.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission