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Headnote:

Mutual Reliance Review System for Exemptive Relief Applications - relief granted under MI 45-102 from the requirement to include financial statements of target issuer in a CPC information circular when it is used as an alternative form of current AIF

Applicable British Columbia Provisions

Multilateral Instrument 45-102 *Resale of Securities*

IN THE MATTER OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES

AND

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

AND

IN THE MATTER OF WESTERN PROSPECTOR GROUP LTD.

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the provinces of British Columbia and Alberta (the “Jurisdictions”) has received an application from Western Prospector Group Ltd. (“WPG”) for a decision under section 4.1 of Multilateral Instrument 45-102 *Resale of Securities* (“MI 45-102”) that the requirement contained in MI 45-102 for a qualifying issuer to have a current AIF filed on SEDAR shall not apply to WPG;
- ¶ 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;
- ¶ 3 AND WHEREAS WPG has represented to the Decision Makers that:
1. WPG was incorporated on April 3, 1998 pursuant to the provisions of the *Company Act* (British Columbia) and its head office is located in Vancouver, British Columbia;

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2. WPG is a reporting issuer under the securities legislation in each of the Jurisdictions (the “Legislation”) and is not in default of its obligations under such Legislation;
3. WPG’s common shares are listed and posted for trading on the Canadian Venture Exchange Inc. doing business as TSX Venture Exchange (the “Exchange”);
4. WPG’s authorized share capital consists of 100,000,000 common shares without par value, 4,336,843 of which were issued and outstanding as of April 4, 2002;
5. under an Assignment and Assumption Agreement dated August 15, 2001, WPG has an option (the “Option”) to acquire up to a 100% interest in certain mineral property interests located in the Esquega, McMurray, Lastheels and Chabanel Townships, Ontario (the “Lakemount Property”); to exercise the Option, WPG must perform the obligations of Badger & Co. Management Corp. (“Badger & Co.”) under a letter agreement dated June 7, 2001 between Badger & Co. and Tidal Explorers Ltd. (the “Proposed Transaction”);
6. the Proposed Transaction constitutes WPG’s “qualifying transaction” under Exchange Policy 2.4 *Capital Pool Companies*; completion of the Proposed Transaction is subject to a number of conditions, including final acceptance of the Proposed Transaction by the Exchange and completion of the Financing (as defined below);
7. WPG wishes to raise up to a total \$1,050,000 through a non-brokered private placement (the “Financing”) in order to, amongst other matters, cover the costs in relation to the Proposed Transaction, to fund the exploration program on the Lakemount Property and to fund additional mineral property acquisitions;
8. under the Financing, WPG will issue up to 6,000,000 units (the “Units”) to purchasers at a price of \$0.175 per Unit, with each Unit consisting of one common share in the capital of WPG and one non-transferable common share purchase warrant; each warrant will entitle the holder to purchase one common share in the capital of WPG for a term of 24 months from the closing date of the Financing at a price of \$0.20 per share in the first year and \$0.25 per share in the second year; a finder’s fee in the amount of up to 600,000 additional Units (the “Finder’s Fee Units”) will be payable by WPG to a finder with respect to the placement of up to 6,000,000 of the Units;

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9. as part of the Proposed Transaction, WPG will issue 100,000 common shares (the "Acquisition Shares") to Tidal as partial consideration for the acquisition of the Option on the Lakemount Property;
10. by letter dated September 26, 2001, the Exchange confirmed that WPG was cleared to mail its CPC information circular to its shareholders in connection with the Proposed Transaction; WPG's CPC information circular was prepared in accordance with Exchange Form 3A, except that there is no "target company" involved in the Proposed Transaction;
11. WPG finalized its CPC information circular dated October 4, 2001 (the "Circular") and mailed it to its shareholders on October 15, 2001; the Circular was filed on SEDAR on October 16, 2001, along with the Technical Report on the Lakemount Property (the "Technical Report"); the Technical Report was prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
12. on October 22, 2001, the Exchange advised WPG that the Exchange should have required WPG to include financial statements and an auditor's comfort letter for the most recent quarter in the Circular, even though there was no target issuer; the Exchange then requested WPG to prepare such financial statements and to file them separately with the Exchange; on November 8, 2001, WPG filed with the Exchange unaudited financial statements of WPG for the nine-month period ended September 30, 2001 (with comparative statements for the nine-month period ended September 30, 2000), and audited financial statements for the year ended December 31, 2000 (with comparative statements for the year ended December 31, 1999) and the auditor's report, together with a comfort letter from the auditor with respect to the review of the nine month periods ended September 30, 2001 and 2000;
13. on November 14, 2001, the Circular, including the above-mentioned financial statements, was refiled on SEDAR, along with a comfort letter from the auditors dated November 14, 2001 with respect to the above financial statements;
14. shareholder approval of the Proposed Transaction was received at an extraordinary general meeting of WPG held on November 19, 2001;
15. in MI 45-102, the definition of "current AIF" includes a CPC information circular filed in any jurisdiction that includes:
 - (a) audited financial statements for the issuer's most recently completed financial year;

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- (b) audited financial statements for the target issuer's most recently completed financial year; and
- (c) a pro forma balance sheet that gives effect to the qualifying transaction accompanied by a compilation report of an auditor.

16. in the case of the Proposed Transaction, there is no target company and therefore, there were no target company financial statements available to be filed and no pro forma financial statements were prepared; therefore, the Circular is not a "current AIF" as defined in MI 45-102 and as a result, WPG is not a "qualifying issuer" for the purposes of MI 45-102;

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

¶ 5 AND WHEREAS each of the Decision Makers is satisfied that the test contained in MI 45-102 that provides the Decision Maker with the jurisdiction to make the Decision has been met;

¶ 6 The Decision of the Decision Makers under MI 45-102 is that:

1. under section 4.1 of MI 45-102, WPG is exempt from the requirement contained in the definition of Qualifying Issuer to have a Current AIF filed on SEDAR provided that:
 - (a) WPG files a Form 45-102F2 on or before the tenth day after the distribution date of the Units (including the Finder's Fee Units) and the Acquisition Shares certifying that it is a Qualifying Issuer except for the requirement that WPG have a Current AIF; and
 - (b) at the distribution date of any of the Units (including the Finder's Fee Units) and the Acquisition Shares, WPG has filed a notice on SEDAR advising that it has filed the Circular as an alternative form of AIF and identifying the SEDAR project number under which the Circular was filed; and

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2. this order expires 140 days after WPG's financial year ended December 31, 2001.

¶ 7 April 30, 2002

Brenda Leong
Director