

2008 BCSECCOM 444

August 1, 2008

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* - Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* - The Filers are seeking relief from the following provisions in MI 62-104 in connection with an agreement made between the joint offerors for purposes of facilitating the creation and organization of the corporate offeror:

Collateral benefit requirement and identical consideration requirement

Collateral benefits - Offeror requires relief from prohibition against certain collateral agreements [s.2.24 of MI 62-104] - Identical consideration - Offeror needs relief from the requirement that all holders of the same class of securities must be offered identical consideration [s.2.23 of MI 62-104] - The parties to the agreement are joint offerors; the parties have entered into an agreement for purposes of facilitating the organization and operation of the corporate offeror and the structuring and making of the offer; under the agreement, one shareholder of the target, who is a joint offeror, will receive shares of the corporate offeror while the other shareholders of the target will receive cash; the business purpose of the offer is to take the target private; this business purpose could not be achieved without the agreement; the agreement does not have the purpose or effect of conferring a special advantage on any shareholder; the agreement is not intended to increase the value of the consideration paid to the joint offeror

Pre- and post- bid integration requirements and for sales during bids

Post-bid integration - Offeror wants relief from the prohibition on post-bid purchases [s.2.5 of MI 62-104] - Pre-bid integration - Offeror wants relief from the pre-bid integration requirements [s.2.4(1) of MI 62-104] - Sales during bid – Joint offerors want relief from the prohibition on entering into an agreement to acquire and sell target securities during a bid [ss.2.2(1) and 2.7 of MI 62-104] - The parties have entered into an agreement prior to making the offer for purposes of facilitating the organization and operation of the corporate offeror and the structuring and making of the offer; no special advantage is conferred on any shareholder

Applicable British Columbia Provisions

Multilateral Instrument 62-104, Part 6

In the Matter of
the Securities Legislation
of British Columbia and Ontario (the Jurisdictions)

2008 BCSECCOM 444

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
0829984 B.C. Ltd. (the Offeror),
Tinfo Holdings Industrial Company Limited (Tinfo) and
Anchorage Capital Master Offshore, Ltd. (Anchorage)
(collectively, the Filers)

Decision

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the following Take-over bid and issuer bid requirements:

- Restrictions on acquisitions during take-over bid;
- Restrictions on acquisitions before take-over bid (take-over bid consideration to be at least equal to and in same form as highest consideration paid in prior transaction);
- Restrictions on acquisitions after bid;
- Restrictions on sales during bid;
- Identical consideration; and
- Prohibition against collateral agreements

(collectively, the Exemption Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in the provinces of Alberta, Manitoba, New Brunswick, Newfoundland, Prince Edward Island, Saskatchewan, Quebec, and the Yukon, Northwest Territories and Nunavut; and

2008 BCSECCOM 444

- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in used in this decision, unless otherwise defined.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filers:
1. Western Prospector Group Ltd. (the Company) is incorporated under the *Business Corporations Act* (British Columbia) (the BCBCA) and is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario and is not in default of any requirement of securities legislation in British Columbia, Ontario, Alberta, Manitoba, New Brunswick, Newfoundland, Prince Edward Island, Saskatchewan, Quebec, or the Yukon, Northwest Territories or Nunavut; the common shares of the Company (the Shares) are listed on the TSX Venture Exchange; as at July 15, 2008 there were 54,256,062 Shares outstanding;
 2. Anchorage beneficially owns and controls 10,257,610 (representing approximately 18.9%) of the outstanding Shares;
 3. the Offeror is a corporation newly incorporated under the BCBCA for the sole purpose of making the Offer (as defined below); the Offeror is not a reporting issuer in any jurisdiction in Canada; the authorized share capital of the Offeror is comprised of an unlimited number of common shares, and Tinpo owns all of the outstanding shares of the Offeror;
 4. Tinpo is a corporation incorporated under the laws of the British Virgin Islands; Tinpo is not a reporting issuer in any jurisdiction in Canada;
 5. Anchorage is a Cayman Islands exempted company incorporated with limited liability; Anchorage is not a reporting issuer in any jurisdiction in Canada;
 6. the Offeror is proposing to make a cash offer (the Offer) for all of the outstanding Shares, other than Shares (including the Anchorage Shares as defined below) owned by or on behalf of the Offeror, Tinpo, Anchorage or their joint actors on the date of the Offer (the Shares subject to the Offer, the Non-Offeror Shares);
 7. neither of the Filers is in default of securities legislation in any jurisdiction;

2008 BCSECCOM 444

8. for purposes of the Offer, Anchorage is a joint offeror with the Offeror and Tinpo, such that it would effectively participate in the Offer as a purchaser together with the Offeror and not as a holder of Shares; the required signatories of each of the Offeror, Tinpo, and Anchorage will sign the take-over bid circular (the Circular) accompanying the Offer;
9. the Offeror and Tinpo have entered into an agreement with Anchorage (the Anchorage Agreement); pursuant to the Anchorage Agreement, among other things, Anchorage has agreed to irrevocably contribute, contemporaneously with the first take-up of Shares under the Offer and subject to certain conditions, all of its Shares (collectively, the Anchorage Shares) to the Offeror (or an affiliate of the Offeror) in exchange for common shares of the Offeror (or such affiliate);
10. the Anchorage Agreement will require Anchorage to exchange the Anchorage Shares for an equivalent proportion of shares of the Offeror such that Anchorage will maintain its existing ownership interest, from an economic standpoint, in the entity resulting from the completion of the Offer;
11. the purpose of the transactions contemplated by the Anchorage Agreement is also to facilitate the organization of the Offeror and the structuring and making of the Offer and to reduce the amount of cash required by the Offeror to complete the Offer;
12. the Anchorage Agreement is necessary for business purposes relating to the structuring and making of the Offer and is not being implemented or entered into for the purpose of providing Anchorage with consideration of greater value for the Anchorage Shares than that paid for the Non-Offeror Shares;
13. neither the intention nor the effect of the Anchorage Agreement is to provide a collateral benefit to Anchorage;
14. the closing of the transactions contemplated by the Anchorage Agreement will be conditional upon and occur as nearly as practicable contemporaneously with the Offeror taking up and paying for the Non-Offeror Shares under the Offer;
15. none of Anchorage nor any insider of Anchorage will receive any payments, including change of control payments, in connection with the Offer (other than a pro rata share of any break fee payable to the Offeror pursuant to the support agreement between the Offeror and the Company (the Support Agreement));

2008 BCSECCOM 444

16. the Anchorage Agreement and the conditions and transactions contemplated thereby will be fully described in the Circular accompanying the Offer;
17. other than the Anchorage Agreement and the Support Agreement, no other arrangements, understandings or agreements have been entered into or are contemplated between or among the Company, the Offeror, Tinpo, Anchorage, any or all of their joint actors, or any or all of the other holders of Shares;
18. there is no agreement or understanding among the Filers with respect to any sale by Anchorage of its interest in the Offeror (or an affiliate) to Tinpo following completion of the Offer (subject to customary liquidity provisions to be contained in a unanimous shareholders agreement to be entered into between Tinpo and Anchorage upon contribution of the Anchorage Shares);
19. the Filers have no agreement or understanding to conduct an initial public offering of the Offeror or the Company following completion of the Offering;
20. the Offer will be conditional upon, among other things, sufficient Non-Offeror Shares being tendered to the Offer to assure successful authorization of a going-private transaction following the Offer if the statutory right of compulsory acquisition pursuant to Part 9 – Division 6 of the BCBCA is unavailable; the intent to effect such a going-private transaction will be disclosed in the Circular accompanying the Offer; and
21. the Offer will constitute an insider bid as defined in the Legislation and Multilateral Instrument 61-101 *Protection of Minority Shareholders in Special Transactions* (MI 61-101) and will be made in compliance with the Act, the Legislation, MI 61-101 and the BCBCA (and the regulations thereunder); the Offer will be exempt from the formal valuation requirement pursuant to section 2.4(1)(a) of MI 61-101.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted.

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