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Headnote

Securities Act s. 114(2) Takeover Bids - Exemption from the take over bid requirements - General - An issuer wants to complete a take over bid that meets some, but not all of the conditions set out in s. 98 (1)(d) of the Act required for an exempt take over bid - The target company has more than 50 shareholders, other than shareholders that are directors or officers of the target, and is a reporting issuer; the shareholders are all accredited investors or relatives, close personal friends or close personal business associates of current or former directors or officers of the target; the target became a reporting issuer by filing an IPO prospectus, but never completed the offering; the target's shares do not trade on any exchange; all of the target's shareholders will receive the same consideration under the offer

Exemption Order

Sonora Gold Corp.

Section 114(2)(c) of the *Securities Act*, R.S.B.C. 1996, c.418

Background

- ¶ 1 Sonora Gold Corp. applied under section 114(2)(c) of the Act for an exemption from the take over bid requirements in sections 105 to 110 of the Act in connection with an offer by Sonora to acquire all of the outstanding common shares of Red Tusk Resources Inc. in exchange for common shares of Sonora.

Representations

- ¶ 2 Sonora represents that:
1. it is a mineral exploration company with its principal executive offices in Vancouver, British Columbia;
 2. it is a reporting issuer in British Columbia and Alberta and its common shares trade on the TSX Venture Exchange;
 3. it is not in default of its requirements under the Act or *Securities Rules*, B.C. Reg. 194/97;
 4. Red Tusk is a mineral exploration company with its principal offices in Vancouver, British Columbia;
 5. Red Tusk's authorized share capital consists of 100,000,000 commons shares;

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6. Red Tusk became a reporting issuer in British Columbia, Alberta and Ontario by filing a prospectus for an initial public offering of its shares, but did not close the offering;
7. Red Tusk's securities are not listed or quoted on any exchange or quotation system;
8. Red Tusk has a total of 59 shareholders holding 4,725,000 shares, of which 55 reside in British Columbia and hold 92.6% of Red Tusk's outstanding shares;
9. eight of Red Tusk's shareholders are currently or were previously directors or officers of Red Tusk and the remaining shareholders are accredited investors, close friends, relatives or close business associates of current or former directors or officers of Red Tusk;
10. Sonora wishes to acquire all of the outstanding shares of Red Tusk on the basis of one of Sonora's common shares for each outstanding Red Tusk share (the Offer);
11. the board of directors of Red Tusk has determined that the Offer is fair and reasonable and will unanimously recommend to Red Tusk's shareholders that they accept the Offer;
12. Sonora will make the Offer by delivering a share exchange agreement to Red Tusk;
13. the share exchange agreement will set out the terms of the Offer, will contain standard representations and warranties respecting Sonora, Red Tusk and the Red Tusk shareholders, and will constitute an offer to purchase all of the outstanding Red Tusk shares;
14. Red Tusk will deliver the share exchange agreement to its shareholders with a letter which explains the terms of the Offer, recommends that the Red Tusk shareholders accept the Offer and indicates that the Red Tusk shareholders can obtain information respecting Sonora by reviewing Sonora's public filings online at www.sedar.com;
15. all of the shareholders of Red Tusk will receive identical consideration for their shares and will be given the opportunity to accept or reject the Offer;
16. the Offer will constitute a take over bid to which the take over bid requirements will apply; and

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17. the Offer satisfies some, but not all, of the conditions required for an exemption from the take over bid requirements under section 98(1)(d) of the Act.

Order

¶ 3 Because it is not prejudicial to the public interest, the Commission orders under section 114(2)(c) of the Act that Sonora is exempt from the take over bid requirements in the Act in connection with the Offer.

¶ 4 May 3, 2006

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