

2007 BCSECCOM 465

Settlement Agreement

Robert Weicker

Securities Act, RSBC 1996, c. 418

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Robert Weicker (Weicker) agree as follows:

Agreed Statement of Facts

¶ 2

1. Weicker is a resident of Coquitlam, British Columbia. He is an experienced professional geoscientist and a member of the Association of Professional Engineers and Geoscientists of BC. Weicker has never been registered under the *Securities Act*, RSBC 1996, c. 418.
2. From March 17, 2004 to May 31, 2006, Weicker was a director and officer of Aberdene Mines Ltd. (Aberdene). Aberdene has since changed its name to Canyon Copper Corp., and Weicker is no longer a director or officer of the company.
3. Aberdene was incorporated in Nevada and was quoted on the U.S. over the counter bulletin board (OTCBB). It was not a reporting issuer in British Columbia and has never been registered under the Act.
4. Aberdene had significant connections to British Columbia. Aberdene's head office and the majority of its directors and officers were located in British Columbia. Aberdene's news releases were prepared in, and disseminated from British Columbia. Aberdene conducted investor relations from Vancouver. Aberdene made private placements of its securities to British Columbia residents.
5. Prior to taking a position at Aberdene, Weicker was a 22.5% owner in the New York Canyon copper property in Nevada. He became involved with Aberdene when he and the other owners optioned the New York Canyon property to Aberdene. Under the terms of the agreement, Aberdene could earn a 100% interest in the property, subject to a 2% net smelter return interest (NSR), by paying \$460,000 in cash or shares and issuing 1,000,000 shares to the vendors, and incurring property expenditures of \$2,250,000 over a three year period. Aberdene could purchase one percentage point of the NSR by paying the sum of \$1,000,000. Weicker was entitled to 22.5% of the consideration paid by Aberdene to the vendors and 22.5% of the NSR.

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6. The New York Canyon property had two known copper deposits, the Long Ridge and the Copper Queen. Both deposits had historical mineral resources – that is, estimates of tonnages and grades that were calculated before National Instrument 43-101 *Standards of Disclosure for Mineral Projects* came into force and without reference to the standardized definitions for mineral resource and mineral reserve categories NI 43-101 requires.

Misconduct

7. Weicker, as Senior Geologist and Director, signed Aberdene's news releases dated June 22, 2004, July 7, 2004 and July 22, 2004 (News Releases), which contained scientific and technical information about the New York Canyon Copper property.
8. (a) The News Releases dated June 22, 2004 and July 7, 2004 stated that the Long Shot Ridge deposit "currently has a base resource estimate of 17.7 million tons at 0.57% Cu". The July 22, 2004 news release also discloses this estimate.
 - (b) These statements were misleading because the News Releases failed to disclose that the mineral resources had not been demonstrated to be current resources under NI 43-101.
9. (a) The News Release dated June 22, 2004 stated: "A previous study indicated capital costs of \$10 to \$15 million, with annual revenue of \$22.9 million based on a 0.65% grade, with a 75% recovery and \$1.05/lb Cu price, the Long Shot deposit has excellent potential for near term production."
 - (b) This statement was misleading because the News Release failed to disclose that:
 - (i) Aberdene had not completed a pre-feasibility or feasibility study supporting the economic analysis and demonstrating economic viability,
 - (ii) the "previous study" was an October 1991 analyst report by an investment dealer,
 - (iii) the \$10 – 15 million capital costs were half of Aberdene's internal \$20 – 30 million estimate,
 - (iv) the 0.65% copper grade exceeded 0.57% grade of the historical estimate, and

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- (v) it is risky to develop a mineral project without a feasibility study that demonstrates the technical parameters and economic viability of the project.
10. (a) The News Releases dated June 22, 2004 and July 7, 2004 stated that the Copper Queen deposit had an “initial mineral resource of 142 million tons of 0.35 – 0.40% of Cu”.
- (b) These statements were misleading because the News Releases failed to disclose that:
- (i) the mineral resources were historical and had not been demonstrated to be current resources under NI 43-101, and
 - (ii) the grade of the initial mineral resource was not predictable with accuracy because of the lack of sufficient data in crucial areas.
11. (a) The News Release dated July 22, 2004 stated that: “A 1979 preliminary resource estimate on the Copper Queen reported 105 million tonnes grading 0.32% copper and 0.018% molybdenum. Based on a price of \$1.20 per pound for copper and \$11.50 per pound for molybdenum, this equates to a gross in-situ value of \$7.68 per tonne for copper, and \$4.14 per tonne for molybdenum, for a total value of \$11.82 per tonne, or a copper equivalent grade of 0.59%.”
- (b) This statement was misleading because the gross in-situ value failed to include capital and operating costs, metal recoveries, smelter charges, royalties and other associated costs of developing, mining, recovering and selling the minerals.
12. By signing the News Releases, Weicker caused Aberdene to disclose mineral resources without ensuring that Aberdene had the technical report it was required to file under NI 43-101 to support the disclosure.
13. The News Releases failed to disclose that Weicker had an interest in the property, and in Aberdene’s continuing to develop it.
14. Weicker breached section 50(1)(d) of the Act in that he ought to have known that the News Releases failed to disclose material facts, which made the News Releases misleading.

Public Interest

- ¶ 3 Weicker acted contrary to the public interest by engaging in the conduct set out above.

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Mitigating Factors

- ¶ 4 Weicker has since taken several courses about mining disclosure for public companies.

Undertaking

- ¶ 5 Weicker undertakes to:
1. to pay \$30,000 to the British Columbia Securities Commission in respect of settlement of this matter which sum is due and payable immediately without further demand; and
 2. to not prepare or disseminate news releases containing scientific or technical information for any issuer, except under the supervision of a director or officer of the issuer for 12 months from the date of this agreement.

Waiver

- ¶ 6 Weicker waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

Counterpart

- ¶ 7 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

- ¶ 8 July 27, 2007

“Robert Weicker”

- ¶ 9 Robert Weicker

“Gary Snarch”

Witness Signature)

Gary Snarch)

Witness Name (please print))

Barrister & Solicitor)

300-1168 Hamilton Street)

Vancouver BC V6B 2S2)

Address)

Lawyer)

Occupation)

- ¶ 10 July 31, 2007

“Brenda Leong”

- ¶ 11 Brenda M. Leong
Executive Director