2006 BCSECCOM 497

Headnote

Securities Act s. 114(2) Issuer Bids -Exemption from the formal issuer bid requirements in Part 13 of the Act - General - An issuer requires an exemption from all issuer bid requirements to acquire its own shares in connection with a renegotiated property option agreement - Issuer renegotiated a property option agreement; under the renegotiated terms, the other party is entitled to receive fewer of the issuer's securities in exchange for the property option; the issuer had already issued shares under the original agreement; the issuer will acquire the excess shares from the other party; the issuer will pay no consideration for those shares other than the consideration which will flow from the renegotiated terms of the agreement

Exemption Order

Fronteer Development Group Inc.

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

Background

¶ 1 Fronteer Development Group Inc. (Fronteer) applied for an exemption from the requirements of subsections 105 to 108 and 110 of the Act (the issuer bid requirements) in connection with the proposed acquisition by Fronteer of its common shares from an unrelated third party in connection with the renegotiation of certain property option agreements.

Representations

¶ 2 Fronteer represents that:

1. Fronteer was incorporated under the *Business Corporations Act* (Ontario);

2. Fronteer's head office is located in Vancouver, British Columbia;

3. Fronteer is a reporting issuer in each of the provinces of Canada other than Quebec and is not in default of any requirement of the securities legislation of those jurisdictions;

4. the authorized capital of Fronteer consists of an unlimited number of common shares without nominal or par value (the Common Shares), of which 59,508,336 Common Shares were issued and outstanding at July 27, 2006;

5. the Common Shares are listed on the Toronto Stock Exchange (the TSX) and the American Stock Exchange;

6. Fronteer is a mineral exploration company;

7. on April 27, 2004, Fronteer entered into a property option agreement (the Agi Dagi Agreement) with Teck Cominco Arama ve Madencilik Sanayi Ticaret A.S. (the Vendor) for the Agi Dagi property (Agi Dagi) located in western Turkey; the Vendor is an arm's-length party to Fronteer; under the Agi Dagi Agreement, Fronteer may earn a 100% interest in Agi Dagi by issuing an aggregate of 650,000 Common Shares and incurring exploration expenditures on Agi Dagi aggregating $5,000,000, all in stages over four years;

8. on May 6, 2004, Fronteer entered into a second property option agreement (the Kirazli Agreement, and collectively with the Agi Dagi Agreement, the Option Agreements) with the Vendor for the Kirazli property (Kirazli), also located in western Turkey; under the Kirazli Agreement, Fronteer may earn a 100% interest in Kirazli by issuing an aggregate of 400,000 Common Shares and incurring exploration expenditures on Kirazli aggregating $3,000,000, all in stages over four years;

9. on April 30, 2006, Fronteer issued an aggregate of 175,000 Common Shares (the Subject Shares) in partial satisfaction of Fronteer's obligations under the Option Agreements; in accordance with the Vendor's directions, the Subject Shares were registered in the name of Teck Cominco Limited (Teck Cominco), an affiliate of the Vendor; Teck Cominco is also an arm's length party to Fronteer;

10. the head office of Teck Cominco is located in Vancouver, British Columbia;

11. Fronteer and the Vendor have subsequently renegotiated the terms of the Option Agreements, agreeing to reduce the consideration payable by Fronteer by an aggregate of 90,000 Common Shares; the Vendor agreed to return 90,000 of the Subject Shares (the Returned Shares) to Fronteer for cancellation in satisfaction of that agreement;

12. the board of directors of Fronteer has determined that it is in the best interests of Fronteer and its shareholders to acquire the Returned Shares (the Acquisition) from Teck Cominco;

13. Fronteer will pay no consideration for the Returned Shares other than the consideration which will flow from the renegotiated terms of the Option Agreements;

14. the Returned Shares will be cancelled immediately after the Acquisition; and

15. no exemption from the issuer bid requirements is available for Fronteer to complete the Acquisition.

Order

¶ 3 Because it considers that to do so is not prejudicial to the public interest, the Commission orders, under section 114(2)(c) of the Act, that Fronteer is exempt from the issuer bid requirements in connection with the Acquisition.

¶ 4 August 17, 2006

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