

2009 BCSECCOM 641

Headnote

Section 6.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* - The Filer wants an exemption from the formal take-over bid requirements of Part 2 of MI 62-104 - A bidder wants to complete a take-over bid that meets some, but not all, of the conditions of the non-reporting issuer exemption set out in s. 4.3 of MI 62-104; the target company has more than 50 shareholders; the bid will satisfy all other conditions required for an exempt take-over bid under s. 4.3 of MI 62-104; all of the target's shareholders will receive the same information and consideration under the offer

Exemption Order

Medoro Resources Ltd. (the Filer)

Section 6.1 of Multilateral Instrument 62-104

Background

- ¶ 1 The Filer has applied to the British Columbia Securities Commission under section 6.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* (Instrument) for an exemption from the requirements of Part 2 of the Instrument.

Representations

- ¶ 2 This decision is based on the following facts represented by the Filer:
1. the Filer is a company incorporated under the laws of Yukon Territory and its common shares are listed and posted for trading on the TSX Venture Exchange;
 2. Colombia Gold PLC (Colombia Gold) is a company incorporated under the laws of England and Wales with a registered office that is located in London, United Kingdom;
 3. Colombia Gold is not a reporting issuer for the purposes of securities legislation in any jurisdiction in Canada and there is no published market in respect of the common shares of Colombia Gold (Shares);
 4. Colombia Gold's principal asset is located in Colombia and there are no material assets located in British Columbia or Canada;
 5. Colombia Gold has 91 registered shareholders (Shareholders), excluding employees and former employees of Colombia Gold and its affiliates;

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6. 33 of the Shareholders reside in British Columbia (British Columbia Shareholders) and hold 15.40% of the total Shares;
7. all of the British Columbia Shareholders who have acquired Shares are either accredited investors or close friends, relatives or close business associates of former or current directors or officers of Colombia Gold and accordingly acquired such Shares pursuant to prospectus and registration exemptions;
8. of the 33 British Columbia Shareholders, 13 are either directors, officers or former directors or officers of Colombia Gold or its affiliates, immediate family members of or companies controlled by such directors, officers or former directors or officers of Colombia Gold or its affiliates and as a group hold 7,639,021 Shares being approximately 50.17% of the total Shares held by British Columbia Shareholders;
9. the Filer is currently structuring a proposed take-over bid (Bid) to acquire all of the issued and outstanding Shares; under the terms of the Bid, the Shareholders will receive common shares of the Filer in exchange for Shares tendered to the Bid; the proposed Bid would constitute a “take-over bid” as that term is defined in the Instrument;
10. under the proposed Bid, all Shareholders will receive identical documentation and consideration for the Shares and will have the opportunity to either accept or reject the Bid;
11. the proposed Bid will comply with the requirements of the laws of England and Wales, which exempt the proposed Bid from the requirements of the (UK) City Code on Takeovers and Mergers;
12. section 4.3 of the Instrument (NRI Exemption), which exempts certain transactions from the formal take-over bid requirements, is available if:
 - (a) the offeree issuer is not a reporting issuer;
 - (b) there is no published market for the securities of the offeree issuer; and
 - (c) the number of security holders of the offeree issuer is less than 50, excluding employees and former employees of the target issuer and its “affiliates” (as that term is defined in the Instrument);
13. the Filer cannot rely on the NRI Exemption because the number of Shareholders exceeds the 50 security holder limit;

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Order

- ¶ 3 Considering that to do so would not be prejudicial to the public interest, the Commission orders under section 6.1 of the Instrument that the Bid is exempt from Part 2 of the Instrument.
- ¶ 4 November 5, 2009

Noreen Bent
Acting Director, Corporate Finance
British Columbia Securities Commission