

# 2005 BCSECCOM 439

June 22, 2005

## **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 43-101, s. 9.1 - Standards of Disclosure for Mineral Projects - An issuer wants to file a technical report prepared by a qualified person who is not independent of the issuer - The issuer has a management agreement with a producing issuer relating to the property; a qualified person that is an employee of the producing issuer will prepare the issuer's technical report; the producing issuer is an insider of the issuer

## **Applicable British Columbia Provisions**

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, ss. 4.2, 5.3(1) and 9.1

In the Matter of  
the Securities Legislation of  
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Newfoundland  
and Labrador (the Jurisdictions)

and

In the Matter of  
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of  
UEX Corporation (the Filer)

MRRS Decision Document

## **Background**

- ¶ 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirement that the qualified person preparing any technical report relating to the Filer's Hidden Bay Project (as defined below) be independent of the Filer (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

### **Interpretation**

- ¶ 2 Defined terms contained in National Instrument 14-101 *Definitions* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) have the same meaning in this decision unless they are defined in this decision.

### **Representations**

- ¶ 3 This decision is based on the following facts represented by the Filer:
1. the Filer was incorporated under the *Canada Business Corporations Act* on October 2, 2001;
  2. the Filer is a dedicated uranium exploration company engaged in the acquisition, exploration and development of uranium properties whose registered head office is in Vancouver, British Columbia;
  3. the Filer is a reporting issuer and is not, to the best of its knowledge, in default of any requirement of the Legislation;
  4. the Filer's common shares are listed for trading on the Toronto Stock Exchange (TSX) under the trading symbol "UEX";
  5. in July 2002, the Filer acquired all of Cameco Corporation's (Cameco) interests in certain mineral claims consisting of approximately 44,000 hectares in the Athabasca Basin in Saskatchewan (the Hidden Bay Project) in exchange for common shares of the Filer;
  6. the Hidden Bay Project includes the West Bear uranium deposit (the West Bear Deposit), located in the southernmost claim block of the Hidden Bay Project;
  7. as part of that transaction, the Filer and Cameco entered into an agreement under which Cameco was appointed as manager of exploration of, and has provided management and geological services to the Filer with respect to, the Hidden Bay Project from the time the Filer acquired those properties;
  8. under the agreement with Cameco, Cameco is responsible for developing and carrying out exploration work plans on the Hidden Bay Project and its duties,

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among other things, include resource calculations on uranium deposits located on the Hidden Bay Project;

9. the publicly available resource estimates for the West Bear Deposit are historical and have not been calculated in compliance with the standards in NI 43-101;
10. under its responsibilities as manager of exploration, Cameco carried out a drilling program intended to confirm the reliability and accuracy of the historical resource estimate and to develop a resource estimate for the West Bear Deposit that complies with NI 43-101;
11. Mr. Roger Lemaitre, an employee of Cameco and a qualified person, has been the project geologist for the Hidden Bay Project since 2003 and, as such, has considerable experience on the project;
12. Mr. Lemaitre is preparing a technical report setting out the resource estimate for the West Bear Deposit;
13. as of May 24, 2005, Cameco owned approximately 24.2% of the outstanding common shares of the Filer, however, Mr. Lemaitre does not and does not expect to own any shares or options of the Filer;
14. although the Filer and Cameco are not in a joint venture relationship, the Filer relies upon Cameco, a producing issuer, for development and exploration services in connection with the Hidden Bay Project;
15. Cameco, by virtue of that relationship and its historical ownership of the Hidden Bay Project, is best positioned to produce a technical report based on the results of its exploration;
16. Cameco states in its public disclosure that it is the world's largest uranium producer; and
17. based upon the May 24, 2005 closing price of the Filer's and Cameco's shares on the TSX, the value of Cameco's holdings of the Filer is approximately \$67 million, or approximately 0.73% of Cameco's market capitalization.

### **Decision**

- ¶ 4 Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

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The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the technical report is prepared by or under the supervision of a qualified person that is an employee of Cameco.

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