

2003 BCSECCOM 787

Headnote

Mutual Reliance Review System for Exemptive Relief Application – relief from the requirement in the definition of qualifying issuer in MI 45-102 to have a current annual information form – issuer permitted to rely on an information circular filed in connection with an arrangement

Applicable British Columbia Provisions

Multilateral Instrument 45-102 *Resale of Securities*, sections 1.1, 4.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
YUKON, THE NORTHWEST TERRITORIES AND NUNAVUT**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF EXPATRIATE RESOURCES LTD.,
STRATAGOLD CORPORATION AND 668025 B.C. LTD.**

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut (the “Jurisdictions”) has received an application from Expatriate Resources Ltd. (“Expatriate”), StrataGold Corporation (“StrataGold”) and 668025 B.C. Ltd. (“Newco”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the requirement to have a current annual information form (AIF) filed on SEDAR in order to be a qualifying issuer under Multilateral Instrument 45-102 *Resale of Securities* MI 45-102) shall not apply to Newco.
2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

2003 BCSECCOM 787

4. AND WHEREAS Expatriate, StrataGold and Newco have represented to the Decision Makers that:
- 4.1 Expatriate is a corporation incorporated under the *Company Act* (British Columbia) (the “BCCA”).
 - 4.2 Expatriate’s principal business is the acquisition and exploration of mineral resource properties located primarily in Canada and Latin America. Expatriate is also involved in the development of mineral technologies.
 - 4.3 The authorized capital of Expatriate consists of 100,000,000 common shares without par value (the “Expatriate Shares”) and 100,000,000 Class “A” preferred shares with a par value of \$1.00 each, of which, as at September 3, 2003, 65,194,193 Expatriate Shares and 4,730,000 options to acquire Expatriate Shares were issued and outstanding. All Expatriate Shares rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation.
 - 4.4 The Expatriate Shares are listed and posted for trading on the TSX Venture Exchange (the “Exchange”) under the trading symbol “EXR”.
 - 4.5 Expatriate is, and has been for a period of time in excess of 12 months, a reporting issuer under the Legislation of British Columbia, Alberta and Ontario. To the best of its knowledge, Expatriate is not in default of any of the requirements under the Legislation of British Columbia, Alberta and Ontario.
 - 4.6 StrataGold is a corporation incorporated under the BCCA.
 - 4.7 StrataGold’s business is the exploration and development of a portfolio of precious metals properties located in Yukon and Ontario (the “Precious Metals Properties”), which it acquired from Expatriate in January 2003.
 - 4.8 StrataGold is not a reporting issuer in any jurisdiction and no StrataGold Shares are listed and posted for trading on any stock exchange.
 - 4.9 The authorized capital of StrataGold consists of 250,000,000 common shares without par value (“StrataGold Shares”), of which 12,881,404 StrataGold Shares are issued and outstanding as of October 16, 2003.

2003 BCSECCOM 787

All StrataGold Shares rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation.

- 4.10 Newco, Expatriate and StrataGold propose to complete a plan of arrangement (the “Arrangement”) pursuant to section 252 of the BCCA.
- 4.11 Prior to the completion of the Arrangement, StrataGold proposes to issue up to 1,250,000 flow-through StrataGold Shares at the effective price of \$0.40 per share under a non-brokered private placement (the “Non-Brokered Offering”) made pursuant to exemptions from the registration and prospectus requirements of the Legislation in British Columbia, Alberta and Ontario and pursuant to an exemption order to be issued by the Registrar of Securities in Yukon. As at October 16, 2003, 425,000 StrataGold Shares have been issued pursuant to the Non-Brokered Offering.
- 4.12 In conjunction with the Arrangement, StrataGold also proposes to carry out a brokered private placement financing (the “Offering”) involving the sale of a combination of flow-through special warrants (the “Flow Through Special Warrants”) exercisable into flow-through StrataGold Shares, and unit special warrants (the “Unit Special Warrants”) exercisable into non-flow-through StrataGold Shares and StrataGold share purchase warrants (the “Series E Warrants”). The Flow-Through Special Warrants and Unit Special Warrants (collectively, the “Special Warrants”) are expected to be sold at \$0.40 per special warrant to the public under an amended and restated offering memorandum pursuant to the registration and prospectus exemptions of applicable securities legislation and pursuant to an exemption order to be issued by the Registrar of Securities in Yukon.
- 4.13 The Offering is anticipated to be completed immediately prior to the closing of the Arrangement on the effective date of the Arrangement. However, if the Arrangement does not proceed, the proceeds of the Offering will be returned to the subscribers. As consideration for the services to be rendered by Raymond James Ltd. and Loewen, Ondaatje, McCutcheon Limited for acting as agents for the Offering, StrataGold will pay to the agents a cash commission equal to 8% of the gross proceeds of the Special Warrants sold by the agents, and issue to the agents on closing of the Offering special warrants (“Agents Special Warrants”) equal in number to 10% of the number of Special Warrants sold by the agents. Each Agents Special Warrant will entitle the holder to acquire upon exercise and for no additional consideration one agents warrant (“Agents Warrant”). Each Agents Warrant will entitle the

2003 BCSECCOM 787

holder to purchase one StrataGold Share at the price of \$0.40 per share, for a period of two years from the closing of the Offering.

- 4.14 Newco is a corporation incorporated under the BCCA for the purposes of facilitating the Arrangement.
- 4.15 As of November 3, 2003, Newco is not a reporting issuer in any jurisdiction and has not carried on any active business.
- 4.16 The authorized capital of Newco consists of 250,000,000 common shares without par value (the “Newco Shares”), of which one Newco Share is issued and outstanding and held by Expatriate. All Newco Shares rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation.
- 4.17 On June 11, 2003 Expatriate obtained, under section 252 of the BCCA, an interim order from the British Columbia Supreme Court (the “Interim Order”) which order specifies, among other things, certain procedures and requirements to be followed in connection with the calling and holding of an extraordinary general meeting of holders of the Expatriate Shares (the “Meeting”) to consider and approve the Arrangement.
- 4.18 The Meeting was held on July 9, 2003, and at the Meeting, the shareholders of Expatriate approved the Arrangement and the transactions related thereto.
- 4.19 In connection with the Meeting, Expatriate has caused an information circular (the “Circular”) to be mailed to its shareholders, including those shareholders holding Expatriate Shares through intermediaries on or about June 13, 2003, and filed the Circular on SEDAR on or about that same date. Expatriate also prepared and filed on SEDAR technical reports (the “Technical Reports”) all dated April 8, 2003, in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) pertaining to the principal properties that comprise the Precious Metals Properties.
- 4.20 The Circular contains prospectus-level disclosure of the business and affairs of StrataGold and Newco and a detailed description of the Arrangement. The Circular also contains the consolidated audited financial statements of Expatriate for the fiscal years ended December 31, 2002, 2001 and 2000, and unaudited consolidated financial statements of Expatriate for the three months ended March 31, 2003 and 2002; the audited financial statements of StrataGold for the

2003 BCSECCOM 787

period from incorporation to December 31, 2002 and for the three months ended March 31, 2003; and the pro-forma consolidated balance sheets of Expatriate and Newco as at March 31, 2003.

- 4.21 Pursuant to the Arrangement, on the effective date of the Arrangement, each of the following principal steps will occur and will be deemed to occur in the following sequence:
- 4.21.1 Expatriate will exchange 8,000,000 StrataGold Shares registered in the name of Expatriate for 8,000,000 Newco Shares;
 - 4.21.2 The Flow-Through Special Warrants to be issued pursuant to the Offering will be automatically exercised, through no further action on the part of the holder and for no additional consideration, into flow-through StrataGold Shares, on the basis of one flow-through StrataGold Share for each Flow-Through Special Warrant exercised;
 - 4.21.3 The Unit Special Warrants to be issued pursuant to the Offering will be automatically exercised, through no further action on the part of the holder and for no additional consideration, into non-flow-through StrataGold Shares and Series E Warrants, on the basis of one StrataGold Share and one-half of a Series E Warrant for each Unit Special Warrant exercised;
 - 4.21.4 The Agents Special Warrants to be issued pursuant to the Offering will be automatically exercised, through no further action on the part of the holder and for no additional consideration, into the Agents Warrants, on the basis of one Agents Warrant for each Agents Special Warrant exercised;
 - 4.21.5 The remaining holders of StrataGold Shares, except Newco, will exchange all of their StrataGold Shares for Newco Shares, on the basis of one StrataGold Share for one Newco Share, with up to 1,261,402 of the Newco Shares issued in this manner to certain management personnel and employees of Expatriate subject to escrow or seed share resale restrictions under the policies of the Exchange;
 - 4.21.6 The authorized capital of Expatriate will be altered by renaming and redesignating all of the issued and unissued Expatriate Shares as Special Common shares without par value ("Expatriate Special Shares"), and by increasing the authorized capital so that

2003 BCSECCOM 787

Expatriate will be authorized to issue a total of 600,000,000 shares comprised of 200,000,000 Expatriate Special Shares, 200,000,000 new common shares without par value (the “New Expatriate Shares”), 100,000,000 Class “A” preferred shares having a par value of \$1.00 per share, and 100,000,000 Class “B” preferred shares without par value (the “Expatriate Preferred Shares”);

- 4.21.7 Each issued and outstanding Expatriate Special Share will be exchanged for one New Expatriate Share and one Expatriate Preferred Share;
 - 4.21.8 Expatriate will redeem those Expatriate Preferred Shares held by Expatriate shareholders as at the share distribution record date, for consideration consisting solely of the transfer by Expatriate to each such shareholder of his or her pro rata share of the 8,000,000 Newco Shares received by Expatriate under step 4.21.1 above, based on the number of Expatriate Preferred Shares held by each Expatriate shareholder on the share distribution record date;
 - 4.21.9 The Expatriate Special Shares and the Expatriate Preferred Shares will be cancelled and the authorized capital of Expatriate will be diminished accordingly;
 - 4.21.10 The name of StrataGold will be changed from “StrataGold Corporation” to “StrataGold Exploration Inc.”;
 - 4.21.11 The name of Newco will be changed from “668025 B.C. Ltd.” to “StrataGold Corporation”; and
 - 4.21.12 The StrataGold Warrants, the Series E Warrants and the Agents Warrants will be exchanged for warrants of Newco having equivalent terms.
- 4.22 The New Expatriate Shares and the Newco Shares will then be listed on the Exchange on the effective date of the Arrangement at the conclusion of the steps set out above.
- 4.23 Prior to the Arrangement, the securityholders of StrataGold other than Expatriate (the “Pre-Arrangement StrataGold Securityholders”) will enter into agreements with Newco to have their StrataGold Shares and StrataGold Warrants exchanged under the Arrangement for Newco Shares and Newco warrants having equivalent terms.

2003 BCSECCOM 787

- 4.24 The subscribers (the “Placees”) for the Special Warrants will, under the terms of their subscription and securities exchange agreements, agree to have the StrataGold Shares and Series E Warrants issuable on exercise of the Special Warrants exchanged under the Arrangement for equivalent securities of Newco.
- 4.25 Upon completion of the Arrangement, Newco will be the holder of all StrataGold Shares and StrataGold Warrants, and the shareholders of Expatriate, the Pre-Arrangement StrataGold Securityholders and the Placees will be the holders of Newco Shares and warrants.
- 4.26 The Precious Metals Properties have been the subject of continuous disclosure on an ongoing basis for more than 12 months, in accordance with Expatriate’s responsibilities as a reporting issuer.
- 4.27 Holders of Expatriate Shares had the right to dissent from the Arrangement under the terms of the Interim Order and as set out in the arrangement agreement relating to the Arrangement, and the Circular disclosed full particulars of this right in accordance with applicable law. No holders of Expatriate Shares have exercised their dissent rights.
- 5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);
- 6. AND WHEREAS 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;
- 7. THE DECISION of the Decision Makers under the Legislation is that:
 - 7.1 in the Jurisdictions, upon the effective date of the Arrangement, the requirement contained in the Legislation to have a current AIF filed on SEDAR in order to be a qualifying issuer under MI 45-102 shall not apply to Newco provided that:
 - 7.1.1 Newco files a notice on SEDAR advising that the Circular has been filed as an alternate form of annual information form and identifying the SEDAR Project Number under which the Circular was filed; and
 - 7.1.2 Newco files a Form 45-102F2 on or before the tenth day after the distribution day of any of its securities certifying that it is a

2003 BCSECCOM 787

qualifying issuer but stating expressly that, in reliance on this order, it does not have a current AIF; and

- 7.2 this order expires 140 days after Newco's financial year ended December 31, 2003.

DATED this 12th day of November, 2003.

Glenda A. Campbell, Q.C., Vice-Chair
Stephen R. Murison, Vice-Chair