

2005 BCSECCOM 45

December 22, 2004

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 use a technical report that was prepared or supervised by a qualified person who did not inspect the property - The issuer has a passive royalty interest in the property - The issuer cannot access the property or all the required information about the property because the royalty agreements do not require the property owner to provide the required access and information - The owner of the property is a senior mining issuer with an established continuous disclosure record published on SEDAR

Applicable British Columbia Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, ss. 4.3, 6.2 and 9.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH
COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD
ISLAND, NEWFOUNDLAND AND LABRADOR
(the Jurisdictions)**

AND

**THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE
RELIEF APPLICATIONS**

AND

**INTERNATIONAL ROYALTY CORPORATION
(the Filer)**

MRRS DECISION DOCUMENT

Background

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).

The Filer has requested that in filing a technical report in conjunction with the Filer's preliminary prospectus and final prospectus (the Prospectus) for its initial public offering, the Filer be exempt from: (a) the requirement in section 6.2 of

2005 BCSECCOM 45

National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) that the qualified person preparing or supervising the preparation of the Filer's technical report shall have conducted a site visit to the property which is the subject of the technical report; and (b) the requirement in section 4.3 of NI 43-101 that the technical report be in the prescribed form thereby eliminating the requirement that the qualified person preparing or supervising the preparation of the technical report to have independently sampled and assayed portions of the deposit which is the subject of the technical report and to have reviewed: (i) geological investigations, reconciliation studies, independent check assaying and independent audits; (ii) estimates and classification of mineral resources and mineral reserves, including the methodologies applied by the mining company in determining such estimates and classifications, such as check calculations; and (iii) life of mine plan and supporting documentation and the associated technical-economic parameters, including assumptions regarding future operating costs (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* or NI 43-101 have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is currently a non-reporting issuer incorporated pursuant to the laws of the Yukon Territory on May 7, 2003 and continued under the *Canada Business Corporations Act* on November 12, 2004.
2. The Filer is planning to become a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively the Jurisdictions) by filing and obtaining a receipt for the Prospectus in the Jurisdictions.

2005 BCSECCOM 45

3. The Filer is planning to list its shares for trading on the Toronto Stock Exchange (the TSX) in conjunction with the completion of an initial public offering (IPO) pursuant to the Prospectus.
4. Archean Resources Ltd. (Archean), a private company incorporated pursuant to the laws of Newfoundland and Labrador, indirectly owns a 2.7% net smelter returns royalty over the Voisey's Bay nickel deposit (the Voisey's Bay Mine) currently being developed by Inco Limited (Inco) (the Voisey's Bay Royalty).
5. The Filer has entered into an agreement with the two shareholders of Archean to purchase 100% of the issued shares of Archean, subject to the fulfillment of certain conditions including the completion of an IPO by the Filer.
6. The Filer plans to file a preliminary prospectus which will disclose information on the Voisey's Bay Royalty as the Filer's only material asset. Under NI 43-101 the Filer is required to file a technical report in respect of the Voisey's Bay Mine.
7. Although the preliminary prospectus will contain disclosure in respect of other royalties the Filer has or will have acquired at the time of the IPO, the size of the Voisey's Bay Royalty will make any other royalty immaterial relative to the Voisey's Bay Royalty and therefore NI 43-101 reports will not be filed in respect of the other royalties.
8. The agreement Archean and its shareholders have with Inco was entered into on May 18, 1993 prior to NI 43-101 coming into force. The agreement does not contain provisions that would enable the Filer to obtain access to the Voisey's Bay Mine or to all of the information held by Inco.
9. Inco filed on SEDAR a NI 43-101 report dated August 31, 2003 in respect to the Voisey's Bay Mine (the Inco Report).
10. The Filer will file its own current NI 43-101 technical report on the Voisey's Bay Mine (the Filer's Technical Report) authored by an independent qualified person hired by the Filer (the Qualified Person).
11. The Filer's Technical Report and the Prospectus will include the following cautionary statement (the Cautionary Statement)

NI 43-101 contains certain requirements relating to disclosure of technical information in respect of mineral projects. Pursuant to an exemption order granted to the Filer by the Canadian securities regulatory authorities, the information contained herein with respect to the Voisey's Bay Mine is

2005 BCSECCOM 45

primarily extracted from the Inco Report as well as general information available in the public domain including the Filer's complete database of public domain data, Inco Annual Reports, Inco Annual Information Forms, information available on the Inco website and information available on other websites. The Qualified Person did not conduct a site visit, did not independently sample and assay portions of the deposit and did not review the following items prescribed by NI 43-101: (i) geological investigations, reconciliation studies, independent check assaying and independent audits; (ii) estimates and classification of mineral resources and mineral reserves, including the methodologies applied by the mining company in determining such estimates and classifications, such as check calculations; or (iii) life of mine plan and supporting documentation and the associated technical-economic parameters, including assumptions regarding future operating costs, capital expenditures and saleable metal for the mining asset.

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

- (a) the Filer's Technical Report and Prospectus contain the Cautionary Statement; and
- (b) the Filer is unable to access the Voisey's Bay Mine to conduct a site visit, obtain the samples or review the information that is the subject of the Requested Relief.

Iva Vranic
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Ontario Securities Commission