

2003 BCSECCOM 329

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from requirement in NI 43-101 to file a current technical report not later than 30 days after issuance of a press release, provided technical report filed not later than 90 days after issuance of the press release

Applicable British Columbia Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.2(4) and 9.1

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF MOUNTAIN PROVINCE DIAMONDS INC.

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta and Ontario (the “Jurisdictions”) has received an application from Mountain Province Diamonds Inc. (the “Filer”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the requirement contained in the Section 4.2(3) of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) that a current technical report be filed to support information describing mineral projects on a property material to the Filer not later than 30 days after the disclosure shall not apply to the Filer;
- ¶ 2 AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia 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;
- ¶ 4 AND WHEREAS the Filer has represented to the Decision Makers that:

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1. the Filer is the resulting corporation from a November 1997 amalgamation under the *Company Act* (British Columbia);
2. the Filer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario;
3. the authorized capital of the Filer consists of 500,000,000 common shares without par value, of which 66,602,766 common shares were issued and outstanding as at April 30, 2003;
4. the Filer's common shares are listed and posted for trading on the Toronto Stock Exchange and are quoted on the NASD Over-the Counter Bulletin Board in the United States of America;
5. the Filer is engaged in the exploration for and development of diamond bearing properties in Canada;
6. the Filer's most significant property is the AK-CJ property (the "AK Property") located in the Northwest Territories, Canada;
7. the Filer is in a joint venture with De Beers in respect of the AK Property pursuant to which, De Beers may earn up to a 60% interest in the AK Property, in exchange for conducting an exploration program on the AK Property and a bulk sampling program on one or more new kimberlites, completing a feasibility study on one or more new kimberlites, and funding the development and construction of a commercial mine;
8. De Beers is the operator on the AK Property;
9. on April 15, 2003, the Filer received from De Beers, the results of a recently updated desktop study for the Gaucho Kue diamond project on the AK Property;
10. the desktop study showed that estimated capital costs increased slightly and the estimated operating costs dropped significantly; however, the effect of lower diamond prices and of a lower US dollar as against the Canadian dollar, since a desktop study completed in 2000, resulted in a slightly lower internal rate of return ("IRR") than that previously obtained;
11. due to the lower IRR, which is below the agreed upon hurdle rate contained in the joint venture agreement, combined with the geopolitical environment and uncertainties, De Beers informed the Filer that they had decided to postpone a pre-feasibility decision for one year;

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12. the Filer issued a news release on April 15, 2003 (the “April 15 Release”), disclosing the results of the desktop study, and the decision by De Beers to postpone the pre-feasibility decision;
 13. subsection 4.2(4) of NI 43-101 requires the Filer to file a current technical report to support material information contained in a press release, describing any change in a preliminary assessment or in mineral resources or in mineral reserves that constitutes a material change in respect of the affairs of the issuer, not later than 30 days after the disclosure;
 14. the April 15 Release disclosed a change in a preliminary assessment that constitutes a material change in the affairs of the Filer;
 15. AMEC E & C Services (“AMEC”) worked on the desktop study as part of the project team established by De Beers, and are in the process of preparing the Report to support the April 15 Release;
 16. the Filer has recently been advised that AMEC will not have the Report completed until approximately the end of May, 2003; and
 17. the Filer will not be able to file the Report required under NI 43-101 to support the disclosure contained in the April 15 Release within the 30 day time period required by NI 43-101;
- ¶ 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 the requirement contained in NI 43-101 that a technical report be filed to support information in the Filer’s April 15 Release not later than 30 days after the disclosure shall not apply to the Filer, provided that the Filer prepares and files the Technical Report not later than 90 days after the issuance of the April 15 Release.
- ¶ 8 May 15, 2003

Noreen Bent
Manager