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March 29, 2010

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 44-101 *Short Form Prospectus Distributions* ss. 2.2 and 8.1 - An issuer wants relief from the qualification criteria in NI 44-101 so it can file a short form prospectus - The issuer is a new reporting issuer that is the continuation of an existing business; the issuer cannot rely on either of the exemptions in section 2.7; the issuer filed an information circular which contained prospectus-level disclosure of the issuer and will file an annual report which will contain financial statements of the existing business; the issuer will incorporate by reference the financial statements of the existing business and the annual report into any prospectus the issuer files before it files its first annual financial statements under NI 51-102 *Continuous Disclosure Obligations* that give effect to the “spin-out” transaction

Applicable British Columbia Provisions

National Instrument 44-101 *Short Form Prospectus Distributions*, ss. 2.2 and 8.1

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Extorre Gold Mines Limited
(the Filer)

Decision

Background

- ¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under

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the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the qualification criteria requirement in paragraph 2.2(d)(i) of National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) that the Filer have current annual financial statements in at least one jurisdiction in which it is a reporting issuer (the Exemption Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba and New Brunswick; and
- (c) the decision is the decision of the principal regulator and evidence the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and National Instrument 44-101 *Short Form Prospectus Distributions* have the same meaning if used in this decision, unless otherwise defined.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:
- 1. Exeter Resource Corporation (Exeter) is a corporation that was incorporated on February 10, 1984 under the *Company Act* (British Columbia) and subsequently transitioned under the *Business Corporations Act* (British Columbia) (the BC Act); the head office of Exeter is located in Vancouver, British Columbia;
 - 2. Exeter has authorized capital consisting of 100,000,000 common shares without par value (Exeter Common Shares), of which 74,437,898 Exeter Common Shares were outstanding as at February 25, 2010;
 - 3. Exeter is a “reporting issuer” within the meaning of applicable securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick;

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4. the Exeter Common Shares are listed on the Toronto Stock Exchange (the TSX), the NYSE-Amex stock exchange (NYSE-AMEX) and the Frankfurt Stock Exchange;
5. the Filer is a corporation that was incorporated on December 21, 2009 under the *Canada Business Corporations Act*. The head office of the Filer is located in Vancouver, British Columbia;
6. on March 23, 2010 (the Effective Date), Exeter and the Filer completed a “spin out” transaction (the Transaction) by way of plan of arrangement under the BC Act, pursuant to which, among other things:
 - (a) the Exeter Common Shares were replaced by new common shares of Exeter (New Common Shares) and Exeter’s authorized share capital now consists of an unlimited number of New Common Shares;
 - (b) a series of share exchanges took place resulting in the shareholders of Exeter (the Shareholders) (other than dissenting Shareholders) holding one New Common Share and one common share of the Filer (Extorre Common Shares) for each Exeter Common Share held at the Effective Date; and
 - (c) Exeter’s wholly owned British Virgin Islands subsidiaries, Estelar Resources Limited and Cognito Limited, which held Exeter’s Argentine assets including cash, working capital balances and interests in a number of precious and base metal projects (the Argentine Business), were transferred to the Filer;
7. the Transaction received the favourable vote of 99.83% of the Shareholders and approval of the Supreme Court of British Columbia;
8. on the Effective Date, 74,755,898 New Common Shares and 74,755,898 Extorre Common Shares were outstanding;
9. Exeter filed an information circular dated February 6, 2010 with respect to the Transaction (the Circular), which includes prospectus level disclosure on the Filer as required by section 14.2 of Form 51-102F5;
10. the Circular includes:
 - (a) audited financial statements of the Filer for the period from December 21, 2009 (the date of incorporation) until December 31, 2009;

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- (b) a pro forma balance sheet of the Filer as at December 31, 2009 and pro forma statements of loss and comprehensive loss for the years ended December 31, 2009 and 2008; and
 - (c) audited consolidated financial statements of the Argentine Business for the nine months ended September 30, 2009 and the years ended December 31, 2008 and 2007;
- 11. the Circular also incorporates by reference audited annual financial statements of Exter for the years ended December 31, 2008 and December 31, 2007;
- 12. on the Effective Date, the Filer became a “reporting issuer” within the meaning of applicable securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick;
- 13. the Filer has authorized capital consisting of an unlimited number of Exter Common Shares, of which 74,755,898 Exter Common Shares are outstanding;
- 14. the Filer is an electronic filer under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval*;
- 15. the Exter Common Shares are listed on the TSX;
- 16. the Filer intends to apply to list its common shares on the OTCQX exchange and subsequently on the NYSE-AMEX;
- 17. the Filer is seeking to have the Exter Common Shares registered under the United States Securities Exchange Act of 1934, as amended (the Exchange Act), by filing an annual report on Form 20-F (the Annual Report) in the United States;
- 18. the Annual Report will include all disclosure required in a registration statement filed in Form 20-F and will also include
 - (a) financial statements of the Argentine Business for the years ended December 31, 2009, 2008, and 2007 (the Argentine Business Financial Statements), and
 - (b) disclosure of the Argentine Business as if the Argentine Business were the “company” for the purposes of Form 20-F;

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19. once the Extorre Common Shares are registered in the United States under the Exchange Act and the Filer files the Annual Report in the Jurisdictions, the Annual Report will constitute a current AIF for the purposes of NI 44-101;
20. the Filer has filed with the securities regulatory authority or regulator in each of the jurisdictions in which it is a reporting issuer all periodic and timely disclosure documents required under the securities laws of those jurisdictions;
21. the Filer has not been exempted from the requirement of the applicable continuous disclosure rule to file annual financial statements and the Filer has not yet been required under such continuous disclosure rule to file such financial statements;
22. the Filer meets all of the basic qualification criteria in section 2.2 of NI 44-101, other than paragraph 2.2(d).
23. the Filer would like to be eligible to carry out a short form prospectus offering pursuant to NI 44-101 as soon as possible following the Effective Date; and
24. Exeter and the Filer are not in default of any requirement of securities legislation in any jurisdiction of Canada.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

1. at any time the Filer files a short form prospectus, the Filer satisfies the qualification criteria in section 2.2 of NI 44-101, other than the qualification criteria set out in paragraph 2.2(d)(i) of NI 44-101,
2. the Filer has filed the Annual Report with the securities regulators in each jurisdiction where the Filer is a reporting issuer at or before the time of filing of a short form prospectus,
3. the Filer incorporates by reference the Annual Report and the Argentine Business Financial Statements into any short form prospectus that it files, and
4. the Exemption Sought shall only be valid until the earlier of the time the Filer is required, under the Legislation, to file its annual financial statements for the

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year ended December 31, 2010, and the time the Filer files its annual financial statements for the year ended December 31, 2010.

Andrew S. Richardson, CA
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British Columbia Securities Commission