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May 23, 2008

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203
Process for Exemptive Relief Applications in Multiple Jurisdictions

National Instrument 43-101, s. 9.1 Standards of Disclosure for Mineral Projects -
An issuer wants to disclose information in a circular about its mineral project
without having to file a technical report - The filer's shareholders currently hold
an indirect interest in the properties; following completion of the arrangement, the
shareholders will continue to hold an indirect interest in the properties; a technical
report will be filed on SEDAR before completion of the arrangement

National Instrument 51-102, s. 13.1 Continuous Disclosure Obligations -
Information circular - An issuer wants relief from the requirement to include
prospectus-level disclosure in an information circular to be circulated in
connection with an arrangement, reorganization, acquisition or amalgamation -
The filer is providing relevant information for its shareholders based on its current
status as a venture issuer; the filer's shareholder currently hold an indirect interest
in the properties and will continue to hold an indirect interest in the properties
following completion of the arrangement; a technical report will be filed on
SEDAR before completion of the arrangement

Applicable British Columbia Provisions

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

National Instrument 51-102 *Continuous Disclosure Obligations*, ss. 13.1

Form 51-102F5 *Information Circular*, s. 14.2

Form 41-101F1 *Information Required in a Prospectus*, items 5.4, 8 and 35

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

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In the Matter of
Pan African Mining Corp.
(the Filer)

Decision

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application (the Application) from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is exempt from:

- (a) the requirement in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) to file a technical report in connection with an information circular concerning the acquisition of mineral properties by a new entity formed in connection with an arrangement; and
- (b) certain requirements in National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) to provide certain prospectus level disclosure required by Form 41-101F1 in the information circular to be prepared and mailed to the Filer's securityholders in connection with a special meeting to consider a plan of arrangement, specifically:
 - (i) the requirement in item 5.4 regarding disclosure of information about mining properties,
 - (ii) the requirements in item 8 to allow the Filer to provide management discussion and analysis for a venture issuer even though Newco (as defined below) is technically not a venture issuer, and
 - (iii) the requirements in item 35 to provide significant acquisition disclosure

(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 the Province of Alberta; and

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- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 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. the Filer was incorporated under the *Company Act* (British Columbia) on October 1, 2002;
 2. the Filer is a reporting issuer in each of the Jurisdictions and in Alberta and is not in material default of any of the requirements of the securities laws of such jurisdictions;
 3. the authorized share capital of the Filer consists of 100,000,000 preferred shares (Preferred Shares) and 100,000,000 common shares (Common Shares), of which, as at May 19, 2008, no Preferred Shares and 30,927,792 Common Shares were issued and outstanding;
 4. the Common Shares are listed and posted for trading on the TSX Venture Exchange;
 5. the Filer and its subsidiaries hold interests in certain mineral properties located in Mozambique, Botswana, Namibia and Madagascar;
 6. the Filer owns shares of EnerMad Corp. and has the following subsidiaries in Madagascar:
 - (a) PAM Madagascar S.A.R.L.;
 - (b) PAM Atomique S.A.R.L.; and
 - (c) Pam Sakoa S.A.
- (which three last mentioned companies are referred to collectively as the Madagascar Subsidiaries),
- and the three last mentioned companies hold interests in certain mineral properties located in Madagascar (the Madagascar Properties);

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7. the Filer has the following subsidiaries outside of Madagascar:
 - (a) PAM Botswana (Pty) Ltd.;
 - (b) PAM Minerals Namibia (Pty) Ltd.;
 - (c) PAM Mocambique Limitada;(collectively, the Non-Madagascar Subsidiaries),

and Filer and the three last mentioned companies, directly or indirectly, hold interests in certain mineral properties located outside of Madagascar including joint ventures with Manica Minerals Ltd., African Eagle Resources plc and Bobcat Mining Limitada (the Non-Madagascar Properties);
8. the Filer has filed technical reports in respect of four of the Madagascar Properties;
9. the Filer's Non-Madagascar Properties have not been material to the Filer and are at very early (grassroots) stages of development, and technical reports have not yet been completed in respect of these properties;
10. on April 10, 2008, the Filer was notified by Asia Thai Mining Co., Ltd. (ATM) that ATM intended, through a wholly owned subsidiary of ATM, to make an unsolicited take-over bid at the price of \$3.40 cash per Common Share;
11. the Filer and ATM began negotiations and have entered into an arrangement transaction (the Arrangement) whereby:
 - (a) the Filer's Non-Madagascar Subsidiaries will be 'spun off' from the Filer to a new entity (Newco) which will receive from the Filer:
 - (i) \$2,500,000 in cash; and
 - (ii) all of the assets and liabilities directly related to the Filer's Non-Madagascar Subsidiaries, including all of the Filer's direct and indirect and joint venture interests in the Non-Madagascar Properties;
 - (b) the Offeror will acquire all of the issued and outstanding Common Shares of the Filer at a price of \$4.00 per Common Share and acquire all of the Filer's outstanding warrants (the Warrants) and stock options (vested and not yet vested) (the Options) at a price equal to the difference between

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\$4.00 and the exercise price of the respective Warrant or Option (collectively, the Cash Consideration); and

- (c) in addition to the Cash Consideration, holders of Common Shares as at the closing of the Arrangement will also ultimately receive one common share of Newco (the Newco Shares) for each Common Share previously held in the Filer (the Share Consideration);
12. the Newco Shares will not be listed on any stock exchange for at least 30 days following completion of the Arrangement;
 13. ATM is not a reporting issuer in any jurisdiction of Canada;
 14. the Filer has called a special meeting (the Meeting) of the Pan African Securityholders (defined below), to be held on or about June 20, 2008; at the Meeting, Pan African Securityholders will be asked to vote on the Arrangement; at the Meeting, each holder of Common Shares will be entitled to one vote for each Common Share held and each holder of Options (the Pan African Optionholders) and each holder of Warrants (the Pan African Warrantholders) will be entitled to one vote for each common share of Pan African underlying such Option or Warrant;
 15. under the Legislation, the Filer is required to prepare and mail a management information circular (the Pan African Circular) to Pan African Shareholders, Pan African Optionholders and Pan African Warrantholders (together, the Pan African Securityholders) not less than 21 days plus 4 business days before the Meeting;
 16. the Pan African Circular will include a fairness opinion of Union Securities Ltd. in relation to the fairness, from a financial point of view, of the Arrangement to the Pan African Securityholders;
 17. under NI 51-102, the Filer is required to prepare the information circular in the required form, including disclosure in respect of Newco prescribed in the form of prospectus that Newco would be eligible to use immediately prior to the sending and filing of the Pan African Circular, which is Form 41-101F1, including certain audited annual and unaudited interim financial statements of Newco and the Non-Madagascar Subsidiaries, management discussion and analysis of those annual and interim financial statements and certain mineral project and significant acquisition disclosure;
 18. under NI 43-101, the Filer is required to file a technical report to support scientific or technical information on any property material to Newco

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contained in the Pan African Circular because Newco is issuing securities as consideration for the Non-Madagascar Subsidiaries;

19. the Filer has not yet completed any technical reports in respect of the Non-Madagascar Properties because they are not material to the Filer, but some may be considered material for Newco;
20. the Pan African Securityholders currently hold an indirect interest in the Non-Madagascar Properties through their ownership in securities of Pan African; following completion of the Arrangement, the Pan African Securityholders will still own an indirect interest in the Non-Madagascar Properties through their ownership of the Newco Shares;
21. section 35 of Form 41-101F1 requires the inclusion of financial statements of the Non-Madagascar Subsidiaries;
22. the Filer will include the following information in the Pan African Circular:
 - (a) audited financial statements for Newco and the Non-Madagascar Subsidiaries, on a combined basis, as at September 30, 2007 with comparative figures to September 30, 2006 and related management discussion and analysis as required for a venture issuer, and
 - (b) unaudited financial statements of Newco and the Non-Madagascar Subsidiaries, on a combined basis, as at March 31, 2008 with comparative figures to March 31, 2007 and related management discussion and analysis as required for a venture issuer;
23. the Filer will, and will cause Newco to, file on SEDAR at least five business days before closing of the Arrangement a technical report as required by section 4.1 of NI 43-101 in respect of one of the diamond properties in Botswana, which will be considered a material property of Newco.

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.

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The decisions of the Decision Makers under the Legislation is that the Exemption Sought is granted.

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