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Headnote

Securities Act, R.S.B.C. 1996, c. 418, sections 48, 76 - Other - Exemption from registration and prospectus requirements for situations other than a corporate acquisition or reorganization; trades to business associates; debt settlements; or trades involving employee investment plans and consultants - An issuer wants relief from the registration and prospectus requirements under securities legislation in connection with securities it is going to issue - The issuer is a TSX listed reporting issuer in British Columbia; it intends to pursue a listing of its securities on the Hong Kong Stock Exchange; the issuer will file a prospectus in Hong Kong to qualify the distribution of securities to non-Canadian purchasers; it files on SEDAR the final version of the prospectus used in connection with the offering along with supporting documents; it will impose safeguards on the offering to ensure that sales under the prospectus do not occur in Canada

Securities Act, R.S.B.C. 1996, c. 418, section 171 - Revoke or vary a decision - An issuer wants to vary or repeal and replace a previous decision it received to revise the representations or conditions to the relief granted - The applicant previously obtained relief from certain requirements in securities legislation; the policy reasons for granting that relief have not changed, but certain of the representations or conditions to the relief are no longer appropriate because of a change in the issuer's circumstances; alternative conditions can be structured that address the issuer's new circumstances

Exemption Order

China Gold International Resources Corp. Ltd.
(the Filer)

and

China National Gold Hong Kong Ltd.
(Control Person)

(collectively, the Filers)

Sections 48, 76 and 171 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

¶ 1 The Filers have applied to the British Columbia Securities Commission for a decision:

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- (a) under section 171 of the *Securities Act*, R.S.B.C. 1996, c. 418 (Act) revoking the previous order (Previous Order) granted to the Filer on December 22, 2009 (Revocation Order); and
- (b) under Sections 48 and 76 of the Act exempting:
- (i) the Filer from the requirements of Sections 34 and 61 of the Act for the issuance of common shares in its capital (Common Shares) under a global offering (HK Global Offering) consisting of a public offering in Hong Kong (the Public Offering) and a distribution to qualified institutional buyers under local prospectus and registration exemptions (the International Placement), all pursuant to underwriting agreements to be entered into between the Filer and the underwriters in respect of the HK Global Offering (the Underwriters) and all in reliance on a Hong Kong prospectus (HK Prospectus) and an international offering circular (International Circular) which incorporates the information in the HK Prospectus (but excluding information which is customarily included only in the HK Prospectus); and
 - (ii) the Control Person and the Underwriters from the requirements of Section 34 and 61 of the Act for trades of Common Shares by the Control Person to the Underwriters and by the Underwriters to the subscribers under the HK Global Offering in respect of a 30-day over-allotment process under the HK Global Offering (Over-Allotment Process),
- (collectively, the Prospectus and Registration Relief); and
- (c) under Section 76 of the Act exempting holders of Common Shares purchased in the HK Global Offering, including shares purchased as part of the Over-Allotment Process, from the requirements of Section 61 of the Act in connection with the first trade of the Common Shares purchased in the HK Global Offering (Resale Relief)
- (the Prospectus and Registration Relief, together with the Revocation Order and the Resale Relief, the Requested Relief).

Representations

¶ 2 The Filers represent that:

1. the Filer is incorporated under the laws of British Columbia;
2. the Filer is a reporting issuer under the Act;

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3. the Common Shares are listed and posted for trading on the Toronto Stock Exchange;
 4. the Control Person is a non-resident corporation who holds approximately 39% of the Filer's issued share capital;
 5. the HK Global Offering will occur concurrent with the Filer attaining a listing on the HKSE;
 6. the HK Global Offering will be made under the public offering procedures of Hong Kong that include the following:
 - (a) a requirement to complete the HK Prospectus following prescribed content requirements that requires the issuer to present all relevant information about the issuer and the offering at a level of detail equivalent to full, true and plain disclosure of all material facts, as required for a prospectus filed in British Columbia;
 - (b) due diligence on the Filer conducted by qualified underwriters in Hong Kong, who are subject to liability and sanction from Hong Kong regulatory authorities if the underwriters fail to suitably conduct the offering in the capacity of underwriters;
 - (c) a review and comment process on the HK Prospectus imposed by the HKSE and the Securities and Futures Commission of Hong Kong;
 - (d) a requirement to distribute the HK Prospectus to investors in connection with their subscription for Common Shares;
 - (e) a verification process regarding the disclosure in the HK Prospectus by qualified Hong Kong underwriters; and
 - (f) completion of technical reports in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* for each material mineral property, three years of audited financial statements prepared in accordance with International Financial Reporting Standards and completion of an independent property valuation for each property of the issuer, all as part of the HK Global Offering and disclosed in the HK Prospectus
- (collectively, the HK Global Offering Process);

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7. concurrent with the distribution of Common Shares under the HK Global Offering, the Filer intends to file on SEDAR the final version of the HK Prospectus used in connection with the HK Global Offering along with:
 - (a) a supplementary document that includes a cover page identifying the filing as effective to qualify the distribution of Common Shares under the HK Global Offering under an exemption order from the prospectus and registration requirements and a certificate page of the Filer substantially similar to that required for a B.C. prospectus;
 - (b) a press release announcing the filing; and
 - (c) a material change report filed within 10 days of the filing(collectively, the BC Filing Procedure);
8. the Filer intends to impose safeguards on the HK Global Offering to ensure that sales do not occur in Canada as follows:
 - (a) a restriction in the underwriting agreement whereby the underwriters would agree not to offer the securities to be sold under the Public Offering in Canada;
 - (b) similar restrictions on members of the selling group whereby members of the selling group would agree not to offer the securities to be sold under the Public Offering in Canada;
 - (c) a clear and prominent statement on the front page of the HK Prospectus stating the offered securities to be sold under the Public Offering are not qualified for sale in Canada and may not be offered and sold in Canada, directly or indirectly, on behalf of the Filer; and
 - (d) delivery by the underwriters of a certificate on closing confirming that neither the underwriters nor any member of the selling group, to the best of their knowledge, has sold to purchasers resident in Canada under the Public Offering(collectively, the Distribution Safeguards);
9. concurrent with closing of the HK Global Offering and pursuant to a stock borrowing agreement to be entered into among the Control Person and the Underwriters, the Control Person will supply to the Underwriters Common Shares that may thereafter be sold by the Underwriters to subscribers under the

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HK Global Offering to cover over-allotments for a period of up to 30 days as part of the Over-Allotment Process;

10. imposing the BC prospectus filing requirements on such a distribution from the jurisdiction would add no additional effective protection to investors or the public, provided the safeguards and procedures of the HK Global Offering Process exist and the Distribution Safeguards and BC Filing Procedures have been followed;
11. the Filer received relief substantially similar to the Requested Relief in the Previous Order; and
12. the Filers seek a decision varying the Previous Order to ensure the orderly conduct of the HK Global Offering as described in representation 9 above.

Order

¶ 3 Considering that it is not prejudicial to the public interest, the Commission orders that the Requested Relief is granted, provided that the Filer:

- (a) complies with the HK Global Offering Process;
- (b) complies with the Distribution Safeguards; and
- (c) completes the BC Filing Procedure.

¶ 4 November 8, 2010

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