

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 51-102 *Continuous Disclosure Obligations*, s. 13.1 – An issuer requires relief from the requirement to include certain financial statements in a business acquisition report - The issuer intends to make a significant acquisition by acquiring numerous holding companies that hold interests in an operating company. At the time the significant acquisition is completed, the holding companies will not have any material assets, liabilities or business operations, other than interests in the operating company. The financial statements of the holding companies do not exist. The business acquisition report will contain audited financial statements of the operating company and sufficient alternative information about the significant acquisition

Applicable Legislative Provisions

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

April 9, 2024

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
Highlander Silver Corp.
(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 the securities legislation of the Jurisdictions (the Legislation) that the requirement in section 8.4(8) of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) to include in the acquiror’s business acquisition report (BAR) audited financial statements for all related businesses that a company acquires in a transaction does not apply to the Filer’s BAR with respect to the financial statements of San Luis Resource (BVI) Inc and Silver Standard Peru (BVI) Inc., shares of which the Filer is acquiring in a share purchase transaction (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 subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, and

(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 British Columbia *Business Corporations Act* (the BCBCA); the Filer's head office is located in British Columbia;
2. the Filer is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario; the Filer is not in default of securities legislation in any jurisdiction;
3. the Filer is authorized under its articles to issue an unlimited number of common shares;
4. as at February 29, 2024, the date of the Filer's most recent interim financial statements, the Filer had 60,460,434 common shares, 30,000,000 common share purchase warrants and 1,462,500 stock options issued and outstanding;
5. the Filer's common shares are listed for trading on the Canadian Securities Exchange under the symbol "HLSV";
6. the Filer is a mineral exploration company focused on the discovery of silver-gold-polymetallic projects in Peru, and in South America more widely;
7. on November 29, 2023, the Filer entered into a share purchase agreement (the Agreement) with SSR Mining Inc. (the Vendor), under which the Filer has agreed to purchase, from the Vendor, shares of the following entities (the Transaction):
 - (a) 176,419,888.40 common shares of Reliant Ventures S.A.C. (Reliant), being 98.377% of the issued and outstanding shares of Reliant;
 - (b) 1,001 ordinary shares of San Luis Resource (BVI) Inc. (San Luis Resource), being 100% of the issued and outstanding shares of San Luis Resource; and
 - (c) 3,000 ordinary shares of Silver Standard Peru (BVI) Inc. (SSP BVI), being 100% of the issued and outstanding shares of SSP BVI

(the shares of Reliant, San Luis Resource and SSP BVI are collectively referred to as the Purchased Shares).
8. Reliant holds all of the interests in the San Luis silver-gold project (the San Luis Project), a group of silver-gold mining concessions located in central Peru;

9. San Luis Resource has one wholly-owned subsidiary, San Luis Minerals (BVI) Inc. (San Luis Minerals); San Luis Minerals and SSP BVI hold 1.481% and 0.142% of outstanding shares of Reliant, respectively;
10. the Filer is purchasing the Purchased Shares for initial consideration of: (i) US\$5,000,000 in cash, (ii) US\$7,500,000 in common shares of the Filer, or (iii) a combination thereof; the Filer may pay up to an additional US\$37,500,000 in cash to the Vendor as contingent consideration upon completion of certain milestones in relation to the San Luis Project;
11. once the Transaction is complete, the Filer will own all of the issued and outstanding shares of Reliant and all interests in the San Luis Project;
12. the Transaction will be a “significant acquisition” of the Filer for purposes of NI 51-102; on completion of the Transaction, the Filer will therefore be required to file a BAR in accordance with Part 8 of NI 51-102; the Transaction is also an acquisition of related businesses, as defined in section 8.1(1) of NI 51-102, as:
 - (a) San Luis Resource, SSP BVI and Reliant are under the common control of the Vendor; and
 - (b) the acquisition of the shares of the companies is contingent on purchasing the shares of each other company.
13. management of the Vendor has represented to the Filer in writing that each of San Luis Resource, San Luis Minerals and SSP BVI (the BVI Companies):
 - (a) does not have, and has never had, any active operations;
 - (b) does not have, and has never had, any employees;
 - (c) does not have, and has never had, any assets or investments other than their respective shares in Reliant;
 - (d) does not have, and has never had, decision making ability respecting Reliant or the San Luis Project (other than in their capacity as minor shareholders of Reliant);
 - (e) does not currently have, and did not have as at December 31, 2022 or 2023, any outstanding liabilities; and
 - (f) does not have, and has never had, any pending litigation.
14. management of the Vendor has further represented to the Filer that stand-alone financial statements for the BVI Companies do not exist;
15. the financial year-end for the Filer is September 30, and the financial year-end for Reliant is December 31;
16. apart from the Exemption Sought, the Filer is otherwise able to prepare and file the BAR and financial statements incorporated therein in accordance with NI 51-102; and

17. except for the Exemption Sought, the BAR and financial statements incorporated therein will comply with NI 51-102; all revenue producing and operational activities of the San Luis Project occurred within Reliant, the only financial statements that will be of relevance for the public are the financial statements of Reliant, which will be included in the BAR, and the Filer's pro-forma financial statements after giving effect to the Transaction, prepared based upon the financial statements of the Filer and Reliant and will be filed by the Filer after the closing of the Transaction in accordance with NI 51-102; such financial statements of Reliant, audit reports thereon, and the pro-forma financial statements will reflect 100% of the active operations of the San Luis Project and provide the public with the necessary disclosure required to understand the impact of the Transaction on the Filer and its operations.

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.

John Hinze
Director, Corporate Finance
British Columbia Securities Commission