

May 30, 2016

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD  
ISLAND, AND NEWFOUNDLAND AND LABRADOR

(the Jurisdictions)

AND

IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF  
LAKE SHORE GOLD CORP.

(the Filer)

**DECISION**

**Background**

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 Filer is not a reporting issuer in the Jurisdictions (the **Exemptive Relief Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of the other Decision Maker.

**Interpretation**

Terms defined in National Instrument 14-101 – *Definitions* and National Policy 11-203 – *Process for Exemptive Relief Application in Multiple Jurisdictions* have the same meaning if used in this decision, unless otherwise defined.

**Representations**

This decision is based on the following facts represented by the Filer:

1. The Filer was formed by way of an amalgamation in the Province of British Columbia on July 7, 1987. On June 25, 2002, the Filer was continued under the *Business Corporations Act* (Yukon). On June 4, 2004, the Filer was continued under the *Business Corporations Act* (British Columbia). On July 18, 2008, the Filer was continued under the *Canada Business Corporations Act* (the **CBCA**). The Filer is a reporting issuer in each of the Jurisdictions. The Filer's head office is located at 181 University Avenue, Suite 2000, Toronto, ON M5H 3M7.
2. Effective April 1, 2016, Tahoe Resources Inc. (**Tahoe**), a company incorporated under the *Business Corporations Act* (British Columbia) on November 10, 2009, acquired all of the issued and outstanding common shares in the capital of the Filer (the **Lake Shore Shares**) by way of a statutory plan of arrangement under section 192 of the CBCA (the **Arrangement**). Full details of the Arrangement are contained in the management information circular of the Filer dated March 7, 2016 filed on the System for Electronic Document Analysis and Retrieval (SEDAR).
3. Tahoe is a reporting issuer in all provinces and territories in Canada.
4. Under the Arrangement, Tahoe acquired all of the Lake Shore Shares, for consideration consisting of 0.1467 common shares of Tahoe (each whole common share, a **Tahoe Share**) for each outstanding Lake Shore Share (the **Exchange Ratio**). Additionally, outstanding options to acquire Lake Shore Shares were exchanged for options of Tahoe that entitle the holder to receive, upon exercise thereof, Tahoe Shares based upon the Exchange Ratio and otherwise on the same terms and conditions as were applicable to such options of the Filer immediately before the effective time of the Arrangement.
5. The Lake Shore Shares were delisted from (i) the Toronto Stock Exchange (the **TSX**) effective at the close of business on April 7, 2016, and (ii) the NYSE MKT LLC effective at the opening of business on April 15, 2016.
6. Upon closing of the Arrangement, the Filer had 6.25% convertible unsecured debentures outstanding (the **Debentures**) that were issued pursuant to a convertible debenture indenture (the **Debenture Indenture**) dated September 7, 2012 between Lake Shore and Computershare Trust Company of Canada (the **Trustee**), as supplemented by a supplemental convertible debenture indenture dated April 1, 2016 among Lake Shore, the Trustee and Tahoe (together with the Debenture Indenture, the **Indenture**). The Debentures were listed on the TSX under the symbol "LSG.DB".
7. On April 1, 2016, the Filer delivered a notice to holders of Debentures whereby the Filer, among other things:
  - a. gave notice of its election to redeem the Debentures on May 16, 2016 (the **Redemption Date**) at a price equal to their principal amount plus accrued and unpaid interest to, but excluding, the Redemption Date (the **Redemption**);
  - b. irrevocably elected to satisfy its obligation to pay the principal amount of the Debentures by issuing and delivering to holders of Debentures (**Debentureholders**) that number of Tahoe Shares obtained by dividing the aggregate principal amount of the outstanding Debentures by 95% of the volume weighted average trading price of Tahoe Shares for the 20 trading days ending on and including May 9, 2016 (the **Common Share Redemption Right**); and

- c. gave notice that, in accordance with the terms of the Indenture, (i) as a result of the Redemption, the conversion privileges of the Debentures would expire at 5:00 p.m. (Toronto time) on May 13, 2016 (the **Conversion Expiry Time**) and (ii) Debentureholders maintained the right to convert the Debentures at any time prior to the Conversion Expiry Time at a conversion price of \$9.5433 per Tahoe Share, at a conversion rate of 104.7856 Tahoe Shares per \$1,000 principal amount of Debentures, following which any outstanding Debentures would be redeemed by the Filer on the Redemption Date pursuant to the Common Share Redemption Right.
8. In accordance with the terms of the Indenture, on May 13, 2016, the Filer deposited with the Trustee Tahoe Shares in respect of the principal amount of the Debentures and cash in respect of the accrued and unpaid interest thereon (such Tahoe Shares and cash, the **Redemption Consideration**) for the benefit of Debentureholders who did not convert their Debentures prior to the Conversion Expiry Time and whose Debentures would be redeemed by the Filer on the Redemption Date pursuant to the Common Share Redemption Right (the **Redeemed Debentureholders**).
9. On the Redemption Date, all of the outstanding Debentures not otherwise converted by the Conversion Expiry Time were redeemed by the Filer by the issuance and payment of the Redemption Consideration by the Trustee to the Redeemed Debentureholders.
10. The Debentures were delisted from the TSX at the close of business on the Redemption Date.
11. The Filer has no intention to seek public financing by way of an offering of securities.
12. No securities of the Filer, including any debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 – *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.
13. The Filer is not an OTC issuer as that term is defined under Multilateral Instrument 51-105 – *Issuers Quoted in the U.S. Over-the-Counter Markets*.
14. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by the sole securityholder, Tahoe. As a result, the outstanding securities of the Filer, including debt securities, are now beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions in Canada and fewer than 51 securityholders in total worldwide.
15. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer.
16. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than an obligation (arising after the Arrangement) to file on or before May 16, 2016 its interim financial statements and its management discussion and analysis in respect of such statements for the three months ended March 31, 2016, as required under National Instrument 51-102 – *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the **Interim Filings**).
17. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* as it is currently a reporting issuer in British Columbia and is in default for failure to file the Interim Filings.

18. The Filer did not voluntarily surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status* because it wished to receive a decision from all of the Jurisdictions at the same time.
19. The Filer will not be a reporting issuer in any jurisdiction in Canada upon the granting of the Exemptive Relief Sought.


**Decision**

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 Exemptive Relief Sought is granted.



Commissioner  
Ontario Securities Commission



Commissioner  
Ontario Securities Commission