

Citation:

February 9, 2023

In the Matter of
the Securities Legislation of
Saskatchewan and Ontario (the **Jurisdictions**)

and

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

and

In the Matter of
Prairie Lithium Corporation (the **Target**) and
Arizona Lithium Limited (the **Buyer**)
(together, the **Filers**)

Decision

BACKGROUND

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Buyer from the requirements of Part 2 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (**NI 62-104**) applicable to take-over bids (the **Take-Over Bid Requirements**) in connection with its offer to acquire all of the issued and outstanding class A common shares of the Target (the **Shares**, and such exemption, the **Exemption Sought**).

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

- (a) the Financial and Consumer Affairs Authority of Saskatchewan is the principal regulator for this application;
- (b) the Filers have 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;
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.



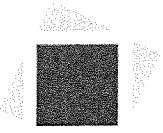
INTERPRETATION

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 62-104 have the same meanings if used in this decision, unless otherwise defined.

Representations

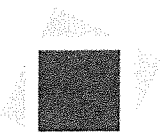
The decision is based on the following facts represented by the Filers:


1. The Target is a corporation existing and in good standing under the *Business Corporations Act* (Alberta), with its principal and head office located in Emerald Park, Saskatchewan. The Target is not a reporting issuer in any jurisdiction of Canada and there is no published market in respect of any of its securities.
2. The Target is not in default of securities legislation in any jurisdiction of Canada.
3. As of February 3, 2023, the only outstanding securities of the Target are: (i) 37,942,000 Shares; (ii) debentures (the **Debentures**) convertible into an aggregate of 1,428,571 Shares; (iii) stock options (the **Options**) to acquire an aggregate of 2,313,500 Shares; and (iv) warrants (the **Warrants**) to acquire an aggregate of 800,000 Shares.
4. The Buyer is a lithium resource developer incorporated, existing and in good standing under the laws of Australia, with its principal and head office located in West Perth, Western Australia. The Buyer is not a reporting issuer in any jurisdiction of Canada. The Buyer's ordinary shares (the **Buyer Shares**) are listed on the Australian Securities Exchange and the OTCQB Venture Market.
5. The Buyer is not in default of securities legislation in any jurisdiction. Information about the Buyer is available in the public domain.
6. On December 18, 2022, the Buyer, 2477827 Alberta Corporation, 2477955 Alberta Corporation (**CanCo**), and the Target entered into a pre-acquisition agreement providing for the making of an offer by the Buyer to acquire all of the issued and outstanding Shares (the **Bid**).
7. The Bid will be made for all Shares, including Shares which may become outstanding pursuant to the exercise or conversion of any Debentures, Options and Warrants in accordance with their respective terms.
8. Aggregate consideration of \$70,600,000 is payable under the Bid, consisting of: (a) an aggregate of \$40,000,000 payable in cash (the **Cash Consideration**), subject to adjustment; and (b) an aggregate of 500,000,000 shares, consisting of (i) Buyer Shares or (ii) exchangeable shares in the capital of CanCo (the **Exchangeable Shares**) and the



voting rights attached to a corresponding number of Special Voting Shares (which entitle the holders thereof to voting rights equivalent to those of Buyer Shares), with the issuance of Buyer Shares or Exchangeable Shares being at the election of each holder of Shares (the **Shareholders**). Exchangeable Shares will be issued at the same ratio as Buyer Shares.

9. The Bid will constitute a "take-over bid" as that term is defined in NI 62-104.
10. Pursuant to section 4.3 of NI 62-104 (the **NRI Exemption**) a take-over bid is exempt from the Take-Over Bid Requirements if all of the following conditions are satisfied:
 - (a) the offeree issuer is not a reporting issuer;
 - (b) there is no published market for the securities that are the subject of the bid;
 - (c) the number of security holders of that class of securities at the commencement of the bid is not more than 50, exclusive of holders who:
 - (i) are in the employment of the offeree issuer or an affiliate of the offeree issuer, or
 - (ii) were formerly in the employment of the offeree issuer or in the employment of an entity that was an affiliate of the offeree issuer at the time of that employment, and who while in that employment were, and have continued after that employment to be, security holders of the offeree issuer.
11. The Buyer cannot rely on the NRI Exemption with respect to the Bid because the number of Shareholders, exclusive of holders who satisfy the requirements of clauses 4.3(c)(i) or (ii) of NI 62-104 (the **Qualifying Persons**), is greater than 50.
12. According to the Target's register of Shareholders, as at December 18, 2022, it had 99 registered Shareholders, of whom:
 - (a) 63 reside in Saskatchewan, holding 30,156,000 Shares or 79.20% of the issued and outstanding Shares;
 - (b) 27 reside in Alberta, holding 3,111,000 Shares or 8.47% of the issued and outstanding Shares;
 - (c) 4 reside in Ontario, holding 3,175,000 Shares or 8.37% of the issued and outstanding Shares;
 - (d) 3 reside in British Columbia, holding 200,000 Shares or 0.05% of the issued and outstanding Shares;

- 
- (e) 1 resides in Manitoba, holding 50,000 Shares or 0.01% of the issued and outstanding Shares; and
- (f) 1 resides in Connecticut, USA, holding 1,250,000 Shares or 3.29% of the issued and outstanding Shares.
13. Based on the information supplied by and on behalf of management of the Target, as at December 18, 2022, there were 89 beneficial Shareholders (accounting for the fact that 10 Shareholders of record are holding companies wholly-owned by Qualifying Persons), of whom:
- (a) 61 reside in Saskatchewan, holding 30,156,000 Shares or 68.65% of the issued and outstanding Shares;
- (b) 20 reside in Alberta, holding 3,111,000 Shares or 8.28% of the issued and outstanding Shares;
- (c) 3 reside in Ontario, holding 3,175,000 Shares or 8.37% of the issued and outstanding Shares;
- (d) 3 reside in British Columbia, holding 200,000 Shares or 0.05% of the issued and outstanding Shares;
- (e) 1 resides in Manitoba, holding 50,000 Shares or 0.01% of the issued and outstanding Shares; and
- (f) 1 resides in Connecticut, USA, holding 1,250,000 Shares or 3.29% of the issued and outstanding Shares.
14. Except in Saskatchewan, Alberta and Ontario, the Buyer is relying on the exemption from the Take-Over Bid Requirements set out in section 4.5 of NI 62-104.
15. Based on the information supplied by and on behalf of management of the Target, of the 89 beneficial Shareholders:
- (a) 15 Shareholders are current and/or former employees (including officers) of the Target;
- (b) 6 Shareholders are current or former independent directors of the Target;
- (c) 7 Shareholders, while not classified as employees or former employees, currently provide or have provided exclusive and full-time services to the Target as independent contractors; and

- 
- (d) 7 Shareholders are spouses of Qualifying Persons, and all Shares held by such spouses are under the control or direction of such Qualifying Person.
16. Accordingly, the Target has 54 beneficial Shareholders, excluding current and/or former employees (including officers), current and/or former independent directors, current and/or former contractors who have provided exclusive and full-time services to the Target, and spouses whose Shares are under the control or direction of a Qualifying Person.
17. Although the Target is not a "private issuer" as defined in National Instrument 45-106 *Prospectus Exemptions (NI 45-106)*, all of the Shareholders are persons to whom a private issuer is permitted to distribute securities under the private issuer exemption in section 2.4 of NI 45-106.
18. Each director and officer of the Target and certain other securityholders of the Target who collectively hold, in the aggregate, greater than 60% of the issued and outstanding Shares, has entered into a pre-tender agreement with the Buyer in support of the Bid.
19. The Bid is not an "insider bid" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

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 Exemption Sought is granted.



Dean Murrison
Executive Director, Securities Division
Financial and Consumer Affairs
Authority of Saskatchewan