

2010 BCSECCOM 103

February 11, 2010

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 52-107, s. 9.1 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* - An issuer wants relief from the requirement to audit acquisition statements in accordance with Canadian or U.S. GAAS - The issuer acquired or will acquire a business whose historical financial statements have not been audited in accordance with Canadian or U.S. GAAS; the acquired business' financial statements have been audited in accordance with Australian GAAS; it would be impractical to re-audit the business' financial statements in accordance with Canadian or U.S. GAAS; the audit report will be accompanied by a statement by the auditor that describes any material differences in the report as compared to a Canadian GAAS audit report and indicates that the report, if prepared in accordance with Canadian GAAS, would not contain a reservation

Applicable British Columbia Provisions

National Instrument 52-107, s. 9.1 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*

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
Eldorado Gold Corporation
(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

2010 BCSECCOM 103

the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirement in section 6.2 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) that the financial statements for Sino Gold Mining Limited (Sino) that are required to be included in a business acquisition report (BAR) prepared under NI 51-102 be audited in accordance with Canadian GAAS or U.S. generally accepted auditing standards (U.S. GAAS) (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 Alberta, Manitoba, Saskatchewan, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island, 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, a gold producing, exploration and development company, is a corporation governed under the laws of Canada and its head office is located in Vancouver, British Columbia;
 - 2. the Filer is a reporting issuer in each provincial jurisdiction of Canada and is not currently in default of its obligations as a reporting issuer under the securities legislation of these jurisdictions;
 - 3. the Filer's common shares are listed for trading on the Toronto Stock Exchange and the New York Stock Exchange;
 - 4. on December 15, 2009, the Filer completed the acquisition (the Acquisition) of Sino, pursuant to schemes of arrangement under Australian law that were approved by security holders of Sino and the Federal Court of Australia;

2010 BCSECCOM 103

5. Sino is a corporation governed under the laws of the Australia and is wholly owned by Eldorado Pacific Pty Limited, a wholly-owned subsidiary of the Filer;
6. the Acquisition constitutes a “significant acquisition” for the purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Requirements* and the Filer is required to file a BAR within 75 days after the date of acquisition;
7. Sino advised the Filer that, prior to the Acquisition:
 - (a) Sino was a reporting issuer in British Columbia, Québec and Newfoundland and Labrador and was a designated foreign issuer for the purposes of National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and NI 52-107; and
 - (b) Sino’s securities were listed on the Australian Securities Exchange and the Hong Kong Stock Exchange;
8. the Filer will be providing the following financial information as part of its BAR:
 - (a) Sino’s balance sheets as at December 31, 2007 and 2008 and the income statement and statements of changes of equity and cash flows for the financial years ending December 31, 2007 and December 31, 2008, together with the notes thereon and in the case of the year ended December 31, 2008, an auditor’s report (the Annual Financial Statements);
 - (b) Sino’s unaudited balance sheets as at September 30, 2009 and December 31, 2008 and the unaudited income statement and statements of changes of equity and cash flows for the period commencing January 1, 2009 and ending September 30, 2009 and the comparable period in the preceding financial year together with the notes thereon (the Interim Financial Statements);
 - (c) a pro forma balance sheet of the Filer as at September 30, 2009 that gives effect to the Acquisition as if it had taken place as at that date;
 - (d) a pro forma income statement of the Filer to give effect to the Acquisition for each of:
 - (i) the most recently completed financial year of the Filer, being the year ended December 31, 2008; and

2010 BCSECCOM 103

(ii) the most recently completed interim period of the Filer, being the interim period ended September 30, 2009;

in each case, as if the Acquisition had taken place on January 1, 2008; and

(e) pro forma earnings per share based on the foregoing pro forma financial statements;

9. Sino has prepared the Annual Financial Statements for the financial year ended December 31, 2008 in accordance with the Australian Accounting Standards and the Australian equivalent of International Financial Reporting Standards (collectively AIFRS) and they have been audited in accordance with Australian Auditing Standards (AAS); Sino will be reissuing the Annual Financial Statements to include a note that provides reconciliation to Canadian GAAP as required under section 6.1 of NI 52-107 with respect to the statements for the financial year ended December 31, 2008; Sino's auditor, Ernst & Young, will reissue its report in respect of the Annual Financial Statements for the financial year ended December 31, 2008;
10. Sino's Interim Financial Statements are being prepared in accordance with AIFRS which will include a reconciliation note prepared in accordance with the requirements of section 6.1 of NI 52-107 in respect of the interim period ended September 30, 2009;
11. Sino's auditor has represented to the Filer that it has expertise and experience in AAS;
12. the Annual Financial Statements have, in accordance with the Australian Corporations Act 2001 (Cth), been audited using Australian Auditing Standards; the annual financial statements of an Australian public company must be sent to shareholders of that company and lodged with the Australian Securities and Investments Commission (ASIC); the annual financial statements are publicly available from ASIC; these facts will be disclosed in the BAR.

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 provided that the Annual Financial Statements are accompanied

2010 BCSECCOM 103

by an auditor's report that contains, or is accompanied by, a statement by the auditor that:

- (a) describes the material differences in the form and content of the auditor's report prepared in accordance with AAS as compared to an auditor's report prepared in accordance with Canadian GAAS; and
- (b) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation.

Martin Eady, CA
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British Columbia Securities Commission