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Headnote

Mutual Reliance Review System for Exemptive Relief Applications -- plan of arrangement involving a Canadian company and an Australian company -- applicants subject to securities legislation in Australia and United States -- de minimis number of shareholders in Canada

Relief from the requirement to reconcile the financial statements of the acquiring company to Canadian GAAP and GAAS -- relief from the requirement to reconcile the financial statements of the proposed acquired company to Australian GAAP -- relief from the requirement to prepare pro forma financial statements of the combined business in accordance with Canadian GAAP or Australian GAAP - - financial statements for both issuers will be prepared using (or reconciled to) US GAAP -- pro forma financial statements for the combined business will be prepared in accordance with US GAAP

Relief from requirements of NI 43-101 for acquiring company in connection with the arrangement and in connection with acquiring company first becoming a reporting issuer as a result of the arrangement

Applicable British Columbia Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, s. 9.1(1)

National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, ss. 6.1, 6.2, 7.1 and 9.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, ONTARIO, NEW BRUNSWICK AND THE
YUKON TERRITORY**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF NORD PACIFIC LIMITED AND
ALLIED GOLD LIMITED**

MRRS DECISION DOCUMENT

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- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Alberta, British Columbia, Ontario, New Brunswick and Yukon Territory (the “Jurisdictions”) has received an application from Nord Pacific Limited (“Nord”) and Allied Gold Limited (“Allied”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that:
1. Allied and Nord be exempt from the following requirements in connection with a Joint Circular (the “Joint Circular”) being prepared for the upcoming special meeting of holders of Common Shares of Nord (the “Nord Common Shares”) and holders of options and rights to acquire Nord Common Shares (the “Nord Options”) and the extraordinary general meeting of the holders of Ordinary Shares of Allied (the “Allied Ordinary Shares”) to consider an arrangement between Allied and Nord under which Allied will acquire all of the Nord Common Shares and Nord Options (the “Acquisition”):
 - (a) the requirements that historical financial statements of Allied (the “Allied Statements”) prepared in accordance with accounting principles generally accepted in Australia (“Australian GAAP”) be reconciled to Canadian GAAP and that the notes to the Allied Statements must
 - (i) explain, and quantify the effect of, material differences between Australian GAAP and Canadian GAAP that relate to recognition, measurement and presentation; and
 - (ii) provide disclosure consistent with Canadian GAAP to the extent not already reflected in the Allied Statements;
 - (b) the requirement that the auditors’ report on the Allied Statements disclose any material differences in the form and content of such auditors’ report as compared to a Canadian auditors’ report and confirming that the auditing standards applied are substantially equivalent to Canadian GAAS;
 - (c) the requirement that all management discussion and analysis (“MD&A”) relating to the Allied Statements provide a restatement of those parts of the MD&A that would read differently if the MD&A were based on statements prepared in accordance with Canadian GAAP, and the requirements that the MD&A provide a cross-reference to the notes in the financial statements that reconcile the differences between Australian GAAP and Canadian GAAP;

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- (d) the requirement that financial statements of Nord for the most recently completed financial year and interim period be reconciled to Australian GAAP and that the notes to these financial statements must
 - (i) explain the material differences between Australian GAAP and Canadian GAAP that relate to recognition, measurement, and presentation;
 - (ii) quantify the effect of material differences between Australian GAAP and Canadian GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in Canadian GAAP and net income computed in accordance with Australian GAAP; and
 - (iii) provide disclosure consistent with Australian GAAP to the extent not already reflected in the Nord financial statements;
- (e) the requirement that pro forma financial statements showing the combination of Allied and Nord be prepared in accordance with Canadian GAAP or Australian GAAP;
- (f) the requirement that historical financial statements of Nord (the “Nord Statements”) be included for the three most recently completed financial years and the most recently completed interim period;

(collectively, the “GAAP Reconciliation Requirements”), and

2. the requirements of National Instrument 43-101 *Standards for Disclosure of Mineral Projects* (“NI 43-101”) shall not apply to Allied in connection with the Joint Circular and in connection with Allied first becoming a reporting issuer in the Jurisdictions due to the Acquisition;

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- ¶ 2 AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia Securities Commission is the principal regulator for this application;
- ¶ 3 AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;
- ¶ 4 AND WHEREAS Nord and Allied have represented to the Decision Makers that:
1. Nord was continued into the Province of New Brunswick and is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario;
 2. the principal office of Nord is located in Albuquerque, New Mexico;
 3. the Nord Common Shares are registered under section 12(g) of the United States Securities Exchange Act of 1934 (the “US Exchange Act”); Nord is not exempt from the reporting requirements of the US Exchange Act under Rule 12g 3-2;
 4. Nord is a “foreign private issuer” as that term is defined under the applicable securities laws in the United States;
 5. Nord is authorized to issue an unlimited number of Nord Common Shares of which 31,391,610 Nord Common Shares were issued and outstanding as of March 2, 2004 and 37,172,320 Nord Common Shares were issued and outstanding as of May 11, 2004;
 6. as of May 5, 2004, one registered holder resident in Canada held 1,354,013 Nord Common Shares, representing 3.6% of the issued and outstanding Nord Common Shares;
 7. searches of beneficial holders of Nord Common Shares indicate that, as of March 2, 2004, in addition to the one registered holder of Nord Common Shares, there were 50 beneficial shareholders of Nord resident in Canada, representing approximately 0.4% of the issued and outstanding Nord Common Shares; based on searches of beneficial holders conducted March 2, 2004, searches of registered holders conducted May 5, 2004 and the current number of outstanding Nord Common Shares, of the approximately 1,122 shareholders of Nord, the shareholder representation in Canada is approximately as follows:

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Province	Number of Beneficial Holders (percentage of total holders)		Number of Nord Common Shares held (percentage of Nord Common Shares)	
Alberta	14	(1.25%)	26,500	(0.07%)
British Columbia	19	(1.69%)	67,325	(0.18%)
Ontario	16	(1.43%)	44,050	(0.12%)
Yukon	1	(0.09%)	300	(0.00%)
Total excluding registered holder	50	(4.46%)	138,175	(0.37%)
Registered holder (resident in British Columbia)	1	(0.09%)	1,354,013	(3.64%)
Total (including registered holder)	51	(4.55%)	1,492,188	(4.01%)

8. the Nord Common Shares were previously listed and posted for trading on the Toronto Stock Exchange (the "TSX"), but were delisted on July 26, 2002 after a one-year suspension due to Nord failing to meet the minimum listing requirements of the TSX;
9. in the United States, the Nord Common Shares trade only on the over-the-counter "Pink Sheets" market; no securities of Nord are traded on a marketplace in Canada;
10. Allied is a corporation incorporated under the *Corporations Act 2001* (Western Australia);
11. the principal office of Allied is located in Welshpool, Western Australia;
12. the authorized capital of Allied consists of an unlimited number of Allied Ordinary Shares of which 28,500,000 Allied Ordinary Shares were issued and outstanding as of March 2, 2004; immediately after the Acquisition and assuming all the shareholders of Nord exchange their Nord Common Shares for Allied Ordinary Shares, it is expected that there will be 52,170,157 Allied Ordinary Shares issued and outstanding;

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13. Allied is the equivalent of a reporting issuer in Western Australia and the Allied Ordinary Shares are listed on the Australian Stock Exchange (“ASX”) under the symbol “ALD”; following completion of the Acquisition, Allied will continue to be subject to Australian securities legislation;
14. there is no public market in Canada for the Allied Ordinary Shares and no such public market is expected to develop after completion of the Acquisition;
15. to the best of Allied’s knowledge, no holders of Allied Ordinary Shares reside in Canada;
16. the Acquisition is being made in accordance with an agreement dated December 20, 2003, as amended and restated (the “Arrangement Agreement”); in connection with the Acquisition,
 - (a) each issued and outstanding Nord Common Share (other than Nord Common Shares held by Allied) will be exchanged for \$0.20 Australian to be satisfied through the issuance of one Allied Ordinary Share;
 - (b) each Nord Option will be cancelled in consideration of Allied Ordinary Shares by determining the “in the money” value of the Nord Options and paying that amount through the issuance of Allied Ordinary Shares per \$0.20 Australian that the Nord Options are in the money;
 - (c) all of the Nord Options which are not “in the money” will be cancelled pursuant to the Acquisition for no payment;
 - (d) one holder of \$280,000 Australian of subordinated indebtedness will exchange such indebtedness for Allied Ordinary Shares at a rate of \$0.20 Australian of such indebtedness for one Allied Ordinary Share;
17. if completed, the Acquisition will result in all former shareholders of Nord holding Allied Ordinary Shares;

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18. Allied has also agreed to provide a credit facility of up to US\$5.4 million (the "Credit Facility") to Nord; Nord is entitled to draw down on the Credit Facility by issuing convertible notes to Allied (the "Convertible Notes"), which are convertible, at the option of Allied, into Nord Common Shares at staged rates varying from US\$0.05 to US\$0.25 per Nord Common Share;
19. currently Nord has drawn down US\$1,075,792 under the Credit Facility; as of May 11, 2004, Allied had exercised its option to convert Convertible Notes into an aggregate of 16,433,650 Nord Common Shares;
20. on completion of the Acquisition, assuming no securityholders dissent, the beneficial holders of Allied Ordinary Shares resident in Canada will hold approximately 2.86% of the issued and outstanding Allied Ordinary Shares and represent less than 2% of the total number of owners of Allied Ordinary Shares resident in Canada;
21. the Acquisition will be subject to the approval of the holders of Nord Common Shares and Nord Options and the holders of Allied Ordinary Shares;
22. the Acquisition will be subject to obtaining court approval for a plan of arrangement under the *Business Corporations Act* (New Brunswick);
23. following the successful completion of the Acquisition, all of the outstanding securities of Nord will be held by Allied; Allied will as soon as practicable cause Nord to apply to cease to be a reporting issuer in all applicable jurisdictions in Canada;
24. the holders of Nord Common Shares and Nord Options and the holders of Allied Ordinary Shares will be provided with the Joint Circular; the Joint Circular will comply with the requirements for the form of Information Circulars under the Legislation, except as permitted by this decision;
25. the Joint Circular will contain Canadian prospectus level disclosure about the business of Allied and Nord and fully describe the Acquisition and the financial condition of Allied and Nord;

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26. the Joint Circular will include:
- (a) the disclosure contained in the Nord 10-KSB and Nord 10-QSB, including
 - (i) Nord's audited financial statements as at December 31, 2003 and for the years ended December 31, 2003 and December 31, 2002 prepared in accordance with generally accepted accounting principles in the United States (US GAAP), audited in accordance with United States generally accepted auditing standards ("US GAAS") and accompanied by an auditor's report prepared under US GAAS (the "Nord Annual Financial Statements"), which were filed with the SEC, and
 - (ii) Nord's unaudited interim financial statements for the three months ended March 31, 2004 prepared in accordance with US GAAP (the "Nord Interim Financial Statements"),(collectively, the "Nord Financial Statements");
 - (b) Canadian GAAP financial statements of Nord including:
 - (i) Nord's audited annual financial statements, and the auditor's report thereon, as at December 31, 2003 and 2002 and for the years then ended, prepared in accordance with Canadian GAAP, audited in accordance with Canadian GAAS, and accompanied by an auditor's report prepared in accordance with Canadian GAAS,
 - (ii) Nord's unaudited interim financial statements for the three months ended March 31, 2004 prepared in accordance with Canadian GAAP,(collectively, the "Nord Canadian GAAP Financial Statements"); and the notes to the Nord Canadian GAAP Financial Statements will:
 - (A) explain the material differences between Canadian GAAP and US GAAP that relate to recognition, measurement and presentation;

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- (B) quantify the effect of material differences between Canadian GAAP and US GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with US GAAP; and
 - (C) provide disclosure consistent with disclosure requirements of US GAAP to the extent not already reflected in the Nord Canadian GAAP Financial Statements;
- (c) MD&A accompanying the Nord Financial Statements that will be prepared in compliance with applicable securities laws in the Jurisdictions and the United States (the “Nord MD&A”);
 - (d) disclosure of the business and operations of Allied, including the Australian initial public offering prospectus of Allied dated October 20, 2003; and
 - (e) financial statements of Allied including:
 - (i) audited financial statements for the period ended June 30, 2003 prepared in accordance with Australian GAAP, audited in accordance with Australian generally accepted audited standards (“Australian GAAS”) and accompanied by an auditor’s report prepared under Australian GAAS (the “Allied Annual Financial Statements”),
 - (ii) unaudited interim financial statements for the nine months ended March 31, 2004, prepared in accordance with Australian GAAP (the “Allied Interim Financial Statements”)

(collectively, the “Allied Financial Statements”); and the notes to the Allied Financial Statements will:

- (A) explain the material differences between Australian GAAP and US GAAP that relate to recognition, measurement and presentation;

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- (B) quantify the effect of material differences between Australian GAAP and US GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with US GAAP; and
 - (C) provide disclosure consistent with disclosure requirements of US GAAP to the extent not already reflected in the Allied Financial Statements;
- (f) MD&A accompanying the Allied Financial Statements (the “Allied MD&A”) that will be prepared in compliance with applicable securities laws in the United States;
- (g) pro forma financial statements of Allied, prepared in accordance with US GAAP, giving effect to the Acquisition (the “Pro Forma Financial Statements”), which will contain a pro forma balance sheet as at March 31, 2004, and pro forma income statements for the year ended June 30, 2003 and for the nine month interim period ended March 31, 2004, including a pro forma earnings per share for each pro forma income statement; and accompanied by a compilation report prepared by Allied’s Australian auditors utilizing the guidance contained in the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time;
- (collectively, the “Circular Financial Information”);
27. the disclosure in the Joint Circular regarding the reserves and resources of the Simberi Island Joint Venture concerning mineral properties in Papua, New Guinea, being the only material mineral interests of Nord (the “Simberi Properties”), is based on a current technical report prepared in compliance with NI 43-101 (the “Nord Report”) prepared by a “qualified person” that is independent of Nord within the meaning of NI 43-101;
28. the Nord Report will either utilize the mineral resource and reserve categories of the JORC Code as defined in NI 43-101 (the “JORC Code”) which will be reconciled to the mineral resource and reserve categories in NI 43-101 or will use the mineral resource and reserve categories in NI 43-101 and in either event will be signed by a qualified person in accordance with NI 43-101;

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29. Allied is subject to the reporting requirements of securities legislation in Australia and is in compliance with all the applicable reporting requirements of Australia;
30. the Joint Circular will be drafted in accordance with the securities legislation of Australia and of the rules and regulations of the ASX;
31. the disclosure in the Joint Circular regarding the mineral assets of Allied (the “Allied Properties”) is based on a report (the “Allied Report”) prepared by a “qualified person” that is independent of Allied within the meaning of NI 43-101;
32. the Allied Properties do not have reserves or resources and therefore the Allied Report does not contain references to mineral resource or mineral reserve statements;
33. the Allied Report has been prepared and signed in accordance with the rules of the Australian Securities and Investment Commission (“ASIC”) and the ASX;
34. a copy of the Nord Report and the Allied Report will be filed in each jurisdiction in which Nord is a reporting issuer and in New Brunswick;
35. the following cautionary statement (“Cautionary Statement”) will be included in the Joint Circular:

“No technical report as defined under National Instrument 43-101 *Standards for Disclosure of Mineral Projects* will be provided for the Allied Properties in connection with the Acquisition or filed with any of the Canadian securities regulatory authorities.

The scientific and technical information relating to the Allied Properties contained in this document and the Allied Report was prepared and signed in accordance with the rules of the Australian Securities and Investment Commission and the Australian Stock Exchange.”;

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36. Allied will automatically become a reporting issuer in the Jurisdictions on completion of the Acquisition and will subsequently apply to each of the Jurisdictions to cease to be a reporting issuer;

¶ 5 AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

¶ 6 AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

¶ 7 THE DECISION of the Decision Makers under the Legislation is that:

1. the GAAP Reconciliation Requirements do not apply to Nord and Allied, provided that the Joint Circular includes the Circular Financial Information; and
2. Allied is exempt from the requirements of NI 43-101 in connection with the disclosure made in the Joint Circular and in connection with first becoming a reporting issuer in the Jurisdictions due to the Acquisition, provided that:
 - (a) all disclosure of a scientific and technical nature contained in the Joint Circular and sent to Canadian shareholders of Nord and Allied complies with the applicable requirements of the ASIC and the ASX;
 - (b) the Joint Circular contains the Cautionary Statement; and
 - (c) Allied applies to cease to be a reporting issuer in each jurisdiction in which it becomes so as a result of the Acquisition.

¶ 8 August 12, 2004

Brenda Leong
Director