

2010 BCSECCOM 108

February 16, 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 prepare its financial statement in accordance with Canadian GAAP in order to use IFRS before the January 1, 2011 changeover date - The issuer has assessed the readiness of its staff, board, audit committee, auditors and investors; the issuer will provide detailed disclosure regarding its early adoption of IFRS in its MD&A as set out in CSA Staff Notice 52-320; the issuer will restate any financial statements prepared in accordance with Canadian GAAP for interim periods for the fiscal year in which they intend to adopt IFRS together with related interim MD&A and certificates required by NI 52-109

Applicable British Columbia Provisions

National Instrument 52-107, s. 9.1

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
Heatherdale Resources Ltd.
(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) exempting the Filer from the requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP (the Exemption Sought), in order that the Filer may prepare its financial statements for

2010 BCSECCOM 108

financial periods ended October 31, 2009 and for periods beginning on or after November 1, 2009 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS-IASB).

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; and
- (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 (Passport Jurisdiction); 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 is a corporation incorporated under the laws of Alberta;
 - 2. the registered office of the Filer is located at Suite 1020 – 800 West Pender Street, Vancouver, BC, V6C 2V6;
 - 3. the Filer is a reporting issuer in the Jurisdictions and the Passport Jurisdiction;
 - 4. the Filer is not in default of its reporting issuer obligations under the Legislation or the legislation of the Passport Jurisdiction;
 - 5. the Filer's securities are listed on the TSX Venture Exchange (TSXV);
 - 6. the Filer was a capital pool company listed on the TSXV under the name Brass Capital Corp until November 17, 2009 when it completed its qualifying transaction under TSXV Policy 2.4 *Capital Pool Companies* (Qualifying Transaction) with the target Heatherdale Resources Ltd. (Target);
 - 7. the Filer changed its name to Heatherdale Resources Ltd. on November 16, 2009;

2010 BCSECCOM 108

8. the Filer holds a 51% interest in a joint venture with CBR Gold Corp. in the form of a limited liability company (LLC) under the Delaware Limited Liability Company Act that is registered to carry on business in Alaska, and which holds 100% of the Niblack Project on Prince of Wales Island in southeast Alaska; the LLC is recently incorporated and expects to prepare its financial statements in accordance with IFRS;
9. upon the completion of the Qualifying Transaction, the Target became a subsidiary of the Filer and the Filer continued to carry on its business through the Target (Resulting Issuer);
10. the filing statement of Brass Capital Corp. describing the Qualifying Transaction dated November 9, 2009 contained financial statements for the Target prepared in accordance with IFRS for the year ended October 31, 2008 and the interim period ended July 31, 2009 (Filing Statement Financial Statements); the Filer analyzed the Filing Statement Financial Statements and determined there would have been no material differences, in recognition or measurement, had those Filing Statement Financial Statements been prepared in accordance with Canadian GAAP;
11. the Target has been preparing its financial statements in accordance with IFRS since its incorporation; the financial statements of the Target for its 2008 financial year were prepared in accordance with IFRS and were audited in such form; all interim financial reports prepared by the Target have been prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB;
12. the Qualifying Transaction is a reverse acquisition; although for legal purposes the Filer was the acquiror, for accounting purposes the Target was the acquirer; accordingly, the financial statements of the Resulting Issuer are those of the accounting acquiror, namely the Target;
13. the fiscal year end of the Resulting Issuer was changed to October 31 upon completion of the Qualifying Transaction;
14. the Filer will not file a management's discussion and analysis (MD&A) for the year ended October 31, 2009 as permitted under part 5.1(1.1) of National Instrument 51-102 *Continuous Disclosure Obligations*; the Filer will file Target's audited annual financial statements for the year ended October 31, 2009;

2010 BCSECCOM 108

15. Brass Capital Corp. has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;
16. the Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS-IASB for fiscal years beginning on or after January 1, 2011;
17. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107, a domestic issuer must use Canadian GAAP with the exception that an SEC registrant may use US GAAP; under NI 52-107, only foreign issuers may use IFRS-IASB;
18. in CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 3.1 of NI 52-107;
19. subject to obtaining the Exemption Sought, the Filer will adopt IFRS-IASB concurrent with the completion of the Qualifying Transaction;
20. the Filer believes that the use of a single accounting standard would eliminate complexity and cost from the Filer's financial statement preparation process;
21. the Target has historically prepared its financial statements in accordance with IFRS, and since the Target is now the Resulting Issuer, there is no conversion plan necessary;
22. the Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS-IASB concurrent with the completion of the Qualifying Transaction and has concluded that they will be adequately prepared for the Filer's adoption of IFRS-IASB concurrent with the completion of the Qualifying Transaction;
23. the Filer has considered the implications of using IFRS-IASB concurrent with the completion of the Qualifying Transaction and on its obligations under securities legislation including, but not limited to, those relating to CEO and

2010 BCSECCOM 108

CFO certifications, business acquisition reports, offering documents, and previously released material forward looking information; and

24. the Filer will amend and restate its MD&A for the interim period ended August 31, 2009 with relevant information about its transition to IFRS-IASB, including:
- (a) the key elements and timing of the Filer's changeover plan;
 - (b) an explanation that the Qualifying Transaction is a reverse acquisition;
 - (c) the Filer's accounting will be a continuation of the Target's accounting which has been IFRS since inception; and
 - (d) the Target will account for the Filer as a reverse asset acquisition and present consolidated financial statements.

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:

- (a) the Filer prepares its annual financial statements for the financial year ended October 31, 2009 and for years beginning on or after November 1, 2009 in accordance with IFRS-IASB;
- (b) the Filer prepares its interim financial statements for interim periods beginning on or after November 1, 2009 in accordance with IFRS-IASB, except that if the Filer files interim financial statements prepared in accordance with Canadian GAAP for one or more interim periods for the financial year in which it adopts IFRS-IASB, the Filer will restate and re-file those interim financial statements in accordance with IFRS-IASB together with the related restated interim management's discussion and analysis and the certificates required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and
- (c) the Filer provides the communication set out in paragraph 24.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission