

# 2010 BCSECCOM 497

August 27, 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 statements in accordance with Canadian GAAP in order to use IFRS before the January 1, 2011 changeover date - The issuer wants to adopt IFRS from incorporation; the issuer previously prepared one interim financial statement for the public; the issuer will provide detailed disclosure regarding its early adoption of IFRS as set out in CSA Staff Notice 52-320 in a news release or in restated and re-filed MD&A for its most recent interim period to be disseminated or re-filed within seven days of the decision; the issuer will restate and re-file 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; the issuer has assessed the readiness of its staff, board, audit committee, auditors and investors

## **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 Alberta  
(the Jurisdictions)

and

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

and

In the Matter of  
Riva Gold Corporation  
(the Filer)

Decision

## 2010 BCSECCOM 497

### Background

- ¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the 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 financial statements for periods beginning on or after January 1, 2010 in accordance with Part I of the Handbook, that is 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:

- (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 (the Passport Jurisdictions).

### Interpretation

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

- ¶ 2 This decision is based on the following facts represented by the Filer:
- 1. the Filer was incorporated in British Columbia on March 31, 2010; its registered office is at Suite 2600 – 1066 West Hastings Street, Vancouver, British Columbia; the Filer's head office is in Vancouver, British Columbia;
  - 2. the Filer is a reporting issuer in the Jurisdictions; the Filer is not in default of securities legislation of any jurisdiction;
  - 3. the Filer is a mineral exploration company with assets in Guyana;
  - 4. the Filer does not have any operating revenue as it is still in the exploration phase;
  - 5. the Filer has applied for a listing on the TSX Venture Exchange (“TSX-V”);
  - 6. Wildcat Silver Corporation (Wildcat) is a mineral exploration company

## 2010 BCSECCOM 497

continued into British Columbia on August 20, 1998; Wildcat is a reporting issuer in British Columbia, Alberta and Ontario and trades under the symbol “WS” on the TSX-V; the Filer was formerly a wholly-owned subsidiary of Wildcat;

7. Wildcat acquired Mammoth Minerals Inc. (Mammoth), a private company, on July 19, 2010 in exchange for 10,500,000 common shares of the Filer; as at July 19, 2010, Mammoth was not a reporting issuer in any jurisdiction of Canada;
8. the Filer became a reporting issuer in the Jurisdictions on July 19, 2010 pursuant to a plan of arrangement involving the Filer, Wildcat and the Wildcat common shareholders (the Arrangement);
9. under the Arrangement, Mammoth was amalgamated with the Filer’s subsidiary 0879444 B.C. Ltd. and the Filer was spun out of Wildcat; an aggregate of 10,500,000 common shares of the Filer were issued to Mammoth shareholders and Wildcat distributed 9,392,653 of its 10,392,653 common shares of the Filer to Wildcat shareholders on the basis of 0.098313 common shares of the Filer per Wildcat share held;
10. the Filer will record the acquisition of Mammoth as the acquisition of a group of assets and therefore will allocate the cost of the acquisition among the individual identifiable assets and liabilities in the group based on the relative fair value at the acquisition date;
11. the Filer prepared audited financial statements in accordance with Canadian GAAP and Canadian GAAS for the period from incorporation on March 31, 2010 to April 30, 2010 (the April Statements) for inclusion in the Wildcat Notice of Special Meeting and Information Circular (the Circular) mailed to Wildcat shareholders in connection with the Arrangement; the Circular has been filed on SEDAR under the Filer’s and Wildcat’s SEDAR profile; the April Statements are incorporated by reference into the Filer’s application for listing;
12. the Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011;
13. 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

## 2010 BCSECCOM 497

Canadian GAAP with the exception that an SEC registrant may use US GAAP; under NI 52-107, only foreign issuers may use IFRS;

14. 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 NT 52-107;
15. the Filer's financial year-end is December 31;
16. the Filer has evaluated its overall readiness to transition to IFRS, including the readiness of its staff; Board of Directors and Audit Committee, and has concluded that it is adequately prepared for adoption of IFRS effective immediately;
17. the Filer has considered the implications of adopting IFRS on its obligations under securities legislation including but not limited to, those relating to CEO and CFO certifications, business acquisition reports and offering documents;
18. early adoption of IFRS will eliminate the need to plan and perform a conversion from Canadian GAAP to IFRS;
19. early adoption of IFRS will also eliminate the requirement to provide reconciliations of financial statements prepared under both Canadian GAAP and IFRS;
20. for the Filer, because it is in a start-up position, the main areas of accounting focus are exploration, issuance of share capital, stock based compensation and cash accounting, all of which have very few or no significant differences under the two accounting frameworks; and
21. immediately upon issuance of this decision, the Filer will disseminate a news release providing relevant information about its conversion to IFRS-IASB as contemplated by CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards*, including:
  - a. the key elements and timing of the Filer's changeover plan;
  - b. the accounting policy and implementation decisions the Filer has made or will have to make; and

## 2010 BCSECCOM 497

- c. major identified differences between the Filer's current accounting policies and those the Filer is required or expects to apply in preparing financial statements in accordance with IFRS-IASB.

### **Decision**

- ¶ 3 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 years beginning on or after January 1, 2010 in accordance with IFRS-IASB; and
- (b) the Filer prepares its interim financial statements for interim periods beginning on or after January 1, 2010 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 those interim financial statements in accordance with IFRS-IASB and re-file those interim financial statements 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*.

Noreen Bent  
Acting Director, Corporate Finance  
British Columbia Securities Commission