

2011 BCSECCOM 227

May 12, 2011

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 and Auditing Standards* - A reporting issuer wants to early adopt IFRS for purposes of preparing its financial statements - The issuer has assessed the readiness of its staff, board, audit committee, auditors and investors; the target has historically prepared its financial statements in accordance with IFRS and the target is now or will be the resulting issuer; the issuer's MD&A for the most recent interim period ending prior to the reverse takeover transaction will provide detailed disclosure about its changeover plan as well as the transaction

Applicable British Columbia Provisions

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

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
Golden Peaks 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

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from the requirement in section 4.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) that financial statements be prepared in accordance with generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises (Canadian GAAP – Part V), in order that the Filer may prepare its financial statements for the interim period ended March 31, 2011 and the financial year ending June 30, 2011 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS-IASB) (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; 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; 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 British Columbia;
 - 2. the head office of the Filer is located at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 and its registered office is located at Suite 3350, 1055 Dunsmuir Street, Vancouver, British Columbia V7X 1L2;
 - 3. the Filer is a reporting issuer in British Columbia, Alberta and Ontario;
 - 4. the Filer is not in default of securities legislation of any jurisdiction;
 - 5. the Filer's securities are listed on the Toronto Stock Exchange;

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6. the Filer completed an acquisition (the Acquisition) of all of the issued and outstanding common shares of Reliance Resources Limited (the Target), an Australian company, on March 31, 2011;
7. upon the completion of the Acquisition, the Target became a subsidiary of the Filer and the Filer continued to carry on its business through the Target (the Resulting Issuer);
8. the Filer is a mineral exploration company whose major asset, prior to the completion of the Acquisition, was its right to acquire a 100% interest in the La Fortuna Project in Argentina;
9. the Target has been preparing its financial statements in accordance with IFRS-IASB since its incorporation; the financial statements of the Target for its 2010 financial year were prepared in accordance with IFRS-IASB and were audited in accordance with International Standards on Auditing; all interim financial reports prepared by the Target have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued under IFRS-IASB; the Filer has filed the Target's financial statements for the period from July 24, 2009 (date of incorporation) to June 30, 2010 and the interim period ended December 31, 2010;
10. the Acquisition is a reverse acquisition; although for legal purposes the Filer was the acquiror, for accounting purposes the Target was the acquiror; accordingly, the financial statements of the Resulting Issuer are those of the accounting acquiror, namely the Target;
11. the financial year ended for the Target is June 30; the financial year end of the Resulting Issuer will be changed to June 30 on or prior to May 15, 2011;
12. the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;
13. the Canadian Accounting Standards Board adopted IFRS-IASB as Canadian GAAP for publicly accountable enterprises for financial years beginning on or after January 1, 2011;
14. 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 – Part V for fiscal years beginning before January 1, 2011 with the exception that an SEC registrant may use US GAAP; under NI 52-

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107, only foreign issuers may use IFRS-IASB;

15. 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 4.2 of NI 52-107;
16. subject to obtaining the Exemption Sought, the Filer will adopt IFRS-IASB concurrent with the completion of the Acquisition;
17. the Filer believes that the use of a single accounting standard would eliminate complexity and cost from the Filer's financial statement preparation process; since the Target prepares its financial statements in accordance with IFRS-IASB, the use of IFRS-IASB as the Filer's accounting standard would permit the Filer to streamline the reporting process and reduce cost;
18. 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 and has concluded that they will be adequately prepared for the Filer's adoption of IFRS-IASB concurrent with the completion of the Acquisition;
19. the Filer has considered the implications of using IFRS-IASB concurrent with the completion of the Acquisition and on its obligations under securities legislation including, but not limited to, those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward looking information; the Filer has concluded that if the Exemption Sought is granted it will continue to be able to fulfil these obligations;
20. the Filer will restate and re-file its management's discussion and analysis for the interim period ended January 31, 2011 within seven business days of obtaining the Exemption Sought and prior to filing its financial statements for the interim period ended March 31, 2011 and the financial year ended June 30, 2011; the amended and restated management's discussion and analysis will disclose relevant information about the Filer's transition to IFRS-IASB, including:
 - (a) the key elements and timing of the Filer's changeover plan;

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- (b) an explanation that the Acquisition is a reverse acquisition;
- (c) an explanation that 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 acquisition and present consolidated financial statements; and

21. the Filer will disseminate a news release announcing that it has restated and re-filed its MD&A for the interim period ended January 31, 2011.

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 ending June 30, 2011 in accordance with IFRS-IASB;
- (b) the Filer prepares its interim financial statements for the interim period ending March 31, 2011 in accordance with IFRS-IASB; and
- (c) the Filer provides the communication set out in paragraphs 20 and 21.

Andrew S. Richardson, CA
Acting Director, Corporate Finance
British Columbia Securities Commission