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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – reporting issuer granted relief from the requirement to include financial statements of a business to be acquired that are reconciled to Canadian GAAP and GAAS in its information circular sent to its securityholders in connection with the acquisition, provided that the most recent annual and interim financial statements are reconciled

Applicable British Columbia Provisions

Securities Rules, B.C. Reg. 194/97, ss. 2 and 3(8)

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA AND ALBERTA

AND

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

AND

IN THE MATTER OF CHAMPION RESOURCES INC.

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia and Alberta has received an application from Champion Resources Inc. (“Champion”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the requirement to reconcile to Canadian GAAP and Canadian GAAS all financial statements (including the related auditors reports or public accountants reports) prepared in accordance with foreign generally accepted accounting principles (GAAP) and foreign generally accepted auditing standards (GAAS) that are filed with the Decision Makers (the “Reconciliation Requirement”), shall not apply to Champion in connection with its information circular to be filed in respect of the Merger, as defined below;
- ¶ 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*;

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¶ 4 AND WHEREAS Champion has represented to the Decision Makers that:

1. Champion is a reporting issuer under the Legislation and is not in default of the Legislation;
2. Champion's authorized capital consists of 100,000,000 common shares, of which 12,530,894 common shares are outstanding;
3. the common shares of Champion are listed and posted for trading on the TSX Venture Exchange (the "Exchange");
4. Champion has entered into a merger agreement with Red Back Mining Inc. ("Red Back") dated November 4, 2003 and amended January 12, 2004, which will result in the current shareholders of Red Back holding 44,873,617 or approximately 91% of the 49,050,582 outstanding common shares of Champion, and Red Back becoming a private, wholly-owned subsidiary of Champion (the "Merger");
5. Red Back was incorporated under the laws of Western Australia in February 1996, and currently has 134,620,851 common shares outstanding;
6. the common shares of Red Back are listed and posted for trading on the Australian Stock Exchange;
7. completion of the Merger is subject to, among other things, the approval of Champion's shareholders in accordance with applicable legislation and the rules and policies of the Exchange;
8. Champion intends to hold an extraordinary meeting of its shareholders (the "Meeting") on approximately March 22, 2004, at which the shareholders will be asked to approve the Merger;
9. Champion is required under the Legislation to mail and file, with the management information circular (the "Circular") delivered to its shareholders and filed with the Decision Makers in connection with the Meeting, the audited financial statements of Red Back for the three years ended June 30, 2001, 2002 and 2003 and the unaudited financial statements of Red Back for the six-month interim period ended December 31, 2003 (together, the "Acquisition Statements").

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10. the Acquisition Statements are prepared in accordance with Australian GAAP and the auditor's reports thereon are prepared in accordance with Australian GAAS;
 11. under the Legislation, each of the Acquisition Statements must be reconciled to Canadian GAAP and each of the auditor's reports accompanying the Acquisition Statements must explain any significant differences between Australian GAAS and Canadian GAAS; and
 12. Australian GAAP covers substantially the same core subject matter as Canadian GAAP, including recognition and measurement principles and disclosure requirements;
- ¶ 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 the Reconciliation Requirement shall not apply to Champion in connection with the Acquisition Statements included in the Circular, provided that:
1. Champion files the Acquisition Statements with the audited annual financial statements of Red Back for the year ended June 30, 2003 (the "Annual Reconciled Statements") and the unaudited financial statements of Red Back for the six month interim period ended December 31, 2003 (the "Interim Reconciled Statements") reconciled to Canadian GAAP (together, the "Reconciled Statements");
 2. the notes to the Reconciled Statements:
 - (a) explain the material differences between Canadian GAAP and Australian GAAP that relate to recognition, measurement, and presentation;
 - (b) quantify the effect of material differences between Canadian GAAP and Australian GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the Reconciled Statements and net income computed in accordance with Canadian GAAP; and

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- (c) provide disclosure consistent with Canadian GAAP to the extent not already reflected in the Reconciled Statements;
- 3. the audited Acquisition Statements and Annual Reconciled Statements are audited in accordance with Australian GAAS; and
- 4. the auditor's report on the Annual Reconciled Statements is accompanied by a statement by the auditor that:
 - (a) describes any material differences in the form and content of the auditor's report 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.

¶ 8 February 13, 2004

Adrienne Salvail-Lopez
Vice-Chair