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March 8, 2011

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203
Process for Exemptive Relief Applications in Multiple Jurisdictions

National Instrument 51-102, s. 13.1 *Continuous Disclosure Obligations* - BAR - An issuer requires relief from the requirement to include certain financial statements in a business acquisition report - The issuer is required to include financial statements for the most recently completed financial year of the business ended on or before the acquisition date and for the most recently completed interim period ended before the acquisition date; the acquisition date occurred just shortly before the business' financial year-end; there were no significant changes to the business or its assets or liabilities during the period from the acquisition date to the end of the financial year; the issuer will include the annual financial statements of the business for the most recently completed year end and appropriate adjustments for the period from the acquisition date to the end of the financial year in the issuer's pro forma statements

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* - Reconciliation relief - An issuer wants relief from the requirement to reconcile certain acquisition statements to Canadian GAAP - The issuer will provide pro forma financial statements prepared as outlined in section 8.7(9) of CP 51-102 as it applies to financial years beginning on or after January 1, 2011; the pro forma financial statements will present any material accounting policy differences between Canadian GAAP – Part V and IFRS that can be reasonably estimated as adjustments to the pro forma income statement and describe such differences in the notes to the pro forma income statement

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* - Audit relief - An issuer wants relief from the requirement to audit acquisition statements in accordance with Canadian or U.S. GAAS - The issuer acquired or will acquire a business whose historical financial statements have not been audited in accordance with Canadian or U.S. GAAS; the acquired business' financial statements have been audited in accordance with International Standards on Auditing; the auditor of the acquisition statements has represented to the filer that it has expertise and experience in ISAs; the auditor's report will state that the acquisition statements were audited in accordance with ISAs as issued by the IAASB

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Applicable British Columbia Provisions

National Instrument 51-102, s. 13.1 *Continuous Disclosure Obligations*

National Instrument 52-107 *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
Uranium One Inc.
(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) (i) to permit the Filer to include in its business acquisition report acquisition statements that are more recent than the acquisition statements prescribed by section 8.4 (1) of National Instrument 51-102 - *Continuous Disclosure Obligations* (NI 51-102), (ii) that the Canadian GAAP reconciliation requirements under section 4.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) do not apply to such acquisition statements, and (iii) that such acquisition statements may be audited in accordance with International Standards on Auditing (ISA) issued by the International Audit and Assurance Standards Board (the IAASB) notwithstanding section 4.12(1) of NI 52-107 (the Exemptions Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

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- (a) the British Columbia Securities Commission is the principal regulator for this application,
- (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, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island, 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 as is 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 company continued under the laws of Canada; the Filer's head office is located in Vancouver, British Columbia;
 - 2. the Filer is engaged, through its subsidiaries and joint ventures, in the mining and production of uranium and in the acquisition, exploration and development of uranium properties, primarily in Kazakhstan;
 - 3. the Filer is a reporting issuer in each of the provinces of Canada, and is not in default of securities legislation in any jurisdiction;
 - 4. the Filer's common shares are listed on the Toronto Stock Exchange under the symbol "UUU";
 - 5. the Filer's annual financial statements for the years up to and including the financial year ended December 31, 2010 have been prepared in accordance with Canadian GAAP determined with reference to Part V of the Handbook applicable to public enterprises (Canadian GAAP – Part V) and audited in accordance with Canadian GAAS;
 - 6. the Filer's annual financial statements for the years commencing on or after January 1, 2011 will be prepared in accordance with Canadian GAAP determined with reference to Part I of the Handbook applicable to publicly accountable enterprises and will be audited in accordance with Canadian GAAS, in accordance with NI 52-107;

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The Acquisition

7. on December 27, 2010 the Filer acquired (the Acquisition) from Effective Energy N.V. and Uranium Mining Company, both of which are wholly-owned subsidiaries of Joint Stock Company Atomredmetzoloto (ARMZ), a 50% interest in Joint Stock Company Joint Venture Akbastau (Akbastau) and a 49.67% interest in Joint Stock Company Kazakh-Russian-Kyrgyz Joint Venture with Foreign Investments Zarechnoye (Zarechnoye);
8. as a result of the Acquisition and certain related transactions, ARMZ currently owns approximately 51.4% of the outstanding shares of the Filer;
9. ARMZ is a joint stock company incorporated under the laws of the Russian Federation; ARMZ is not now, nor was it at any relevant time, a reporting issuer in any jurisdiction of Canada or the equivalent in any other jurisdiction;
10. Akbastau is a joint stock company formed under the laws of the Republic of Kazakhstan; Akbastau owns and operates the Akbastau Uranium Mine in Kazakhstan; Akbastau is not now, nor was it at any relevant time, a reporting issuer in any jurisdiction of Canada or the equivalent in any other jurisdiction;
11. Zarechnoye is a joint stock company formed under the laws of the Republic of Kazakhstan; Zarechnoye owns and operates the Zarechnoye Uranium Mine in Kazakhstan; Zarechnoye is not now, nor was it at any relevant time, a reporting issuer in any jurisdiction of Canada or the equivalent in any other jurisdiction;
12. each of ARMZ, Akbastau and Zarechnoye is a “foreign issuer” for the purposes of NI 52-107;

The Disclosure

13. the Acquisition was a “related party transaction” for the Filer, within the meaning of section 1.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (MI 61-101), since at the time the Acquisition was agreed on ARMZ owned more than 10% of the outstanding common shares of the Filer;
14. as a result, the Filer was required under section 5.6 of MI 61-101 to obtain approval of the Acquisition from the shareholders of the Filer in accordance with Part 8 of MI 61-101;

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15. the Filer provided to its shareholders a management information circular dated August 3, 2010 (the Circular) for purposes of a special meeting of shareholders on August 31, 2010 to consider the Acquisition;
16. the Circular was accompanied by:
 - (a) the audited annual consolidated financial statements of Akbastau and Zarechnoye for the years ended December 31, 2009, December 31, 2008, and December 31, 2007 (Circular Annual Statements);
 - (b) the unaudited interim consolidated financial statements of Akbastau and Zarechnoye for the three months ended March 31, 2010 (together with the Circular Annual Statements, the Circular Statements); and
 - (c) the pro forma financial statements of the Filer which reflect the completion of the Acquisition and related transactions as if they had occurred as of the beginning of the periods presented for the purposes of the pro forma consolidated statement of operations (being the year ended December 31, 2009 and the three month period ended March 31, 2010), and as of March 31, 2010 for the purposes of the pro forma balance sheet (Circular Pro Forma Statements);
17. in accordance with section 5.1(b) of NI 52-107, as it was constituted on the date of the Circular, the Circular Statements were prepared in accordance with IFRS;
18. the Circular Annual Statements comply with the requirements of sections 4.11(2) and (3) of NI 52-107;
19. as noted in notes 1 and 2 to the Circular Pro Forma Statements, in preparing the Circular Pro Forma Statements, management of the Filer undertook a review to identify accounting policy differences between Canadian GAAP - Part V and IFRS that would potentially have a material impact and could be reasonably estimated, and concluded that (i) based on the review of the financial statements, no material differences were identified between Canadian GAAP – Part V and IFRS, and (ii) the significant accounting policies of Akbastau and Zarechnoye under IFRS conform in all material respects to those of the Filer under Canadian GAAP – Part V;
20. with respect to the Circular Statements, management of the Filer concluded that Akbastau's and Zarechnoye's financial results would not be materially different if they were reported under Canadian GAAP – Part V;

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21. the Circular Annual Statements were audited by Deloitte, LLP (Deloitte);
22. in accordance with section 5.2(b) of NI 52-107, as it was constituted on the date of the Circular, the Circular Annual Statements were audited in accordance with ISA issued by the IAASB;
23. the Filer has obtained a statement from Deloitte with respect to the Circular Annual Statements 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;
24. since the Acquisition was a "significant acquisition" for the Filer within the meaning of section 8.3 of NI 51-102, the Filer is required to file a business acquisition report (BAR) in accordance with section 8.2 of NI 51-102 within 75 days of the completion of the Acquisition;
25. under section 8.4 of NI 51-102, the Filer is required to include in the BAR the Circular Annual Statements, the interim consolidated financial statements of each of Akbastau and Zarechnoye for the interim period ended September 30, 2010, with comparative information for the interim period ended September 30, 2009, and the pro forma financial statements based on the foregoing financial statements;
26. the Filer proposes to include in the BAR, the audited annual consolidated financial statements of each of Akbastau and Zarechnoye for the financial year ended December 31, 2010, with comparative information for the financial year ended December 31, 2009 (Alternative Statements), and pro forma financial statements based on the Alternative Statements (Alternative Pro Forma Statements);
27. the Alternative Statements will comply with the requirements of sections 4.11(2) and (3) of NI 52-107;
28. the Alternative Statements for Akbastau will be audited by Deloitte and the Alternative Statements for Zarechnoye will be audited by KPMG Audit, LLC (KPMG);

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29. the auditor's reports of Deloitte and KPMG accompanying the Alternative Statements will not contain any reservations;
30. each of Deloitte and KPMG has represented to the Filer that it has experience and expertise with the ISA;
31. the Alternative Statements will be audited in accordance with ISA issued by the IAASB, and this fact will be stated in the auditors' reports in respect of the Alternative Statements;
32. paragraph 20 of Part 1 of the Assurance Handbook of the Canadian Institute of Chartered Accountants provides that the ISA issued by the IAASB have been adopted as Canadian Auditing Standards for audits of financial statements for periods ending on or after December 14, 2010;
33. the Alternative Pro Forma Statements will be prepared as set out in section 8.7(9) of Companion Policy 51-102CP, as it applies to financial years beginning on or after January 1, 2011; as part of the preparation of the Alternative Pro Forma Statements, the Filer will identify accounting policy differences between Canadian GAAP – Part V and IFRS that would potentially have a material impact and which could be reasonably estimated, and will describe such differences in the notes to the Alternative Pro Forma Statements in the course of describing the adjustments presented in the Alternative Pro Forma Statements relating to the financial results of Akbastau and Zarechnoye;
34. the Alternative Pro Forma Statements will include the appropriate adjustments for the period from December 27, 2010 to December 31, 2010, inclusive, since the financial results of Akbastau and Zarechnoye for that period will also be included in the Filer's financial statements for the year ended December 31, 2010; and
35. during the period from December 27, 2010 to December 31, 2010, inclusive, each of Akbastau and Zarechnoye remained intact, was not significantly reorganized and none of their respective assets or liabilities were transferred to other entities.

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:

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- (a) the Filer includes in the BAR audited financial statements of Akbastau and Zarechnoye for the years ended December 31, 2010 and 2009 that are prepared in accordance with IFRS, are audited in accordance with ISA issued by the IAASB, and are accompanied by an auditor's report that does not contain a reservation;
- (b) the Alternative Pro Forma Statements are prepared as set out in section 8.7(9) of Companion Policy 51-102CP as it applies to financial years beginning on or after January 1, 2011 and identify accounting policy differences between Canadian GAAP – Part V and IFRS that would potentially have a material impact and which could be reasonably estimated, and describe such differences in the notes to the Alternative Pro Forma Statements in the course of describing the adjustments presented in the Alternative Pro Forma Statements relating to the financial results of Akbastau and Zarechnoye; and
- (c) the BAR otherwise complies with the requirements of Form 51-102F4.

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