

# 2010 BCSECCOM 477

August 13, 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 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*

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  
Jayden Resources Inc.  
(formerly called Pinnacle Mines Ltd.)  
(the Filer)

## Decision

## Background

- ¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) 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*

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*Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP for financial periods beginning on or after January 1, 2010 (the Exemption Sought), for so long as the Filer prepares the financial statements in accordance with International Financial Reporting Standards 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,
- (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 all other provinces and territories of Canada excluding Ontario (the Passport Jurisdictions); and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in the Province of 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 amalgamated under the *Business Corporations Act* (British Columbia); the head office of the Filer is at #1980 – 1075 West Georgia Street, Vancouver, B.C. V6E 3C9;
  - 2. the Filer is a reporting issuer in the Jurisdictions and the Passport Jurisdictions; the Filer is not in default of its reporting issuer obligations under the Legislation or the securities legislation of the Passport Jurisdictions;
  - 3. the Filer changed its name from Pinnacle Mines Ltd. to Jayden Resources Inc. on June 29, 2010;
  - 4. the Filer's common shares are listed on the TSX Venture Exchange under the symbol JDN;

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5. the Filer is a mineral exploration company with interests in mineral claims in British Columbia;
6. the Filer does not have any operating revenue as it is still in the exploration phase;
7. the Filer is a Canadian reporting issuer and is required to prepare its financial statements in accordance with Canadian GAAP;
8. for the purposes of IFRS-IASB the Filer has selected a transition date of January 1, 2007;
9. the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS-IASB;
10. 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 financial statements relating to fiscal years beginning on or after January 1, 2011;
11. 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;
12. 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;
13. the Filer believes the adoption of IFRS-IASB will provide users of its financial statements with significantly more disclosure, which will enhance their understanding of the Filer's results from operations and its financial position; and will eliminate complexity and costs from the Filer's financial statement preparation process;
14. subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB for its financial statements for periods beginning on and after January 1, 2010;

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15. the Filer has substantially completed the process of transitioning to IFRS-IASB; it has established a formal project plan, allocated internal resources and engaged expert consultants to manage the transition;
16. the Filer has evaluated its overall readiness to transition to IFRS-IASB, including the readiness of its staff, Board of Directors and Audit Committee, and has concluded that it is adequately prepared for adoption of IFRS-IASB effective January 1, 2010;
17. the Filer has considered the implications of adopting IFRS-IASB 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;
18. the Filer has communicated its IFRS-IASB implementation plans to investors as contemplated by CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards* (Notice 52-320) by disclosing relevant information about its changeover to IFRS-IASB in its management's discussion and analysis for the year ended December 31, 2009 and the quarter ended March 31, 2010; and
19. within seven days after the issuance of this decision, the Filer will disseminate a news release providing relevant information about its changeover to IFRS-IASB as contemplated by Notice 52-320, including:
  - (a) the key elements and timing of its changeover plan;
  - (b) the accounting policy and implementation decisions the Filer has made or will have to make;
  - (c) the exemptions available under IFRS1 *First-time Adoption of International Financial Reporting Standards* that the Filer expects to apply in preparing financial statements in accordance with IFRS-IASB;
  - (d) major differences the Filer has identified between its current accounting policies and those required or expected to be applied under IFRS-IASB; and
  - (e) the impact of the changeover on the key line items presented in the Filer's financial statements for the year ended December 31, 2009 and the quarter ended March 31, 2010.

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### Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Makers 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 financial statements for financial periods beginning on or after January 1, 2010 in accordance with IFRS-IASB;
- (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 in the year in which the Filer adopts IFRS-IASB, the Filer will, before it files its first financial statements prepared in accordance with IFRS-IASB, restate and re-file those interim financial statements in accordance with IFRS-IASB, upon its adoption of 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*;
- (c) the Filer provides the communication set out in paragraph 19;
- (d) the Filer's first IFRS-IASB financial statements for an interim period include
  - (i) an opening statement of financial position as at the date of transition to IFRS-IASB that is presented with prominence equal to the other statements that comprise those interim financial statements, and
  - (ii) the disclosure specified in IFRS 1 for interim financial reports; and
- (e) the first annual financial statements referred to in paragraph (a), and the interim financial statements for the first interim period in that first financial year, include the reconciliations and other information specified in paragraphs 6 and 23 through 28 of IFRS 1, including but not limited to:
  - (i) an opening IFRS statement of financial position as at the transition date of January 1, 2007;
  - (ii) a reconciliation of equity as previously reported in accordance with Canadian GAAP to equity in accordance with IFRS as at the

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transition date of January 1, 2007 and as at each year end since that date;

- (iii) a reconciliation of total comprehensive income as previously reported in accordance with Canadian GAAP to total comprehensive income in accordance with IFRS for the year ended December 31, 2007 and each subsequent year;
- (iv) sufficient information to enable users to understand the material adjustments to the statement of financial position and statement of comprehensive income for the year ended December 31, 2007 and each subsequent year; and
- (v) material differences between the statements of cash flows as previously reported in accordance with Canadian GAAP and restated IFRS amounts for the year ended December 31, 2007 and each subsequent year.

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