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March 8, 2011

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, s. 9.1 – An issuer wants to file a technical report prepared by a qualified person who is not independent of the issuer – The issuer has acquired 100% ownership of a company that qualified as a producing issuer before the acquisition; the acquired company would continue to qualify as a producing issuer except that it no longer prepares separate audited annual financial statements; the issuer is continuing to carry on the operations of the acquired company without change or interruption; qualified persons with knowledge of the acquired operations will be available to prepare the issuer's technical reports; the issuer will qualify as a producing issuer as soon as the issuer starts reporting its revenues on a consolidated basis under GAAP

Applicable British Columbia Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, ss. 1.1, 5.3 and 9.1

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

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

and

In the Matter of
Endeavour Mining Corporation
(the Filer)

Decision

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), pursuant to section 9.1 of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*

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(NI 43-101), exempting the Filer from the requirement that a technical report filed by the Filer under paragraph 5.3(1)(c) of NI 43-101 be prepared by or under the supervision of an independent qualified person (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;
- (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 each of the provinces of Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador; 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 was incorporated on July 25, 2002, under the laws of the Cayman Islands, and has its head office in the Cayman Islands;
 - 2. the Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador (the Reporting Jurisdictions), and is not in default of securities legislation in any jurisdiction;
 - 3. the Filer has selected the British Columbia Securities Commission as the principal regulator for this application because the Filer has its principal Canadian business office in British Columbia;
 - 4. the common shares and warrants of the Filer are listed on the Toronto Stock Exchange (the TSX);
 - 5. the Filer is a gold-focused mining company with operations in West Africa; through the Filer's wholly owned subsidiary Etruscan Resources Inc.

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(Etruscan), the Filer's principal projects include the Youga Gold Mine in Burkina Faso and the Agbaou Gold Project in Côte d'Ivoire;

6. the Filer acquired a 55% percent interest in Etruscan in October 2009, and acquired the remaining 45% of Etruscan (the Minority Interest) in September 2010;
7. prior to the Filer's acquisition of the Minority Interest, Etruscan was a reporting issuer in each of the Reporting Jurisdictions, and had its common shares listed on the TSX;
8. prior to the acquisition by the Filer of the Minority Interest, Etruscan was a producing issuer as such term is defined in NI 43-101, as its gross revenue derived from mining operations for its financial year ended November 30, 2009, was Cdn\$69.8 million and its aggregate gross revenue derived from mining operations for its financial years ended November 30, 2007, 2008 and 2009, was Cdn\$94.6 million;
9. had Etruscan remained a reporting issuer and completed its audited annual financial statements for its year ended November 30, 2010, it would have continued to meet the definition of a producing issuer, as its interim statements for the six months ended May 31, 2010, disclose a year-to-date gross revenue in excess of \$30 million;
10. Etruscan's mining operations have continued since May 31, 2010; those mining operations are being conducted in the same manner as its mining operations for financial years ended November 30, 2007, 2008 and 2009, and Etruscan would not have stopped being a producing issuer but for the fact that it no longer prepares separate annual audited financial statements;
11. as a producing issuer, Etruscan was exempt under subsection 5.3(2) of NI 43-101 from the requirement in paragraph 5.3(1)(c) that technical reports required in the circumstances described in paragraph 5.3(1)(c) be prepared by or produced under the supervision of an independent qualified person;
12. employees of Etruscan who, at the date of the Filer's acquisition of the Minority Interest, were eligible to be a qualified person, as such term is defined in NI 43-101, continue to be employed by Etruscan;
13. the Filer does not currently meet the definition of a producing issuer, since in accordance with generally accepted accounting principles, Etruscan gross revenues are only consolidated with the Filer's gross revenues commencing September 10, 2010; however, if Etruscan's pre-September 10, 2010 financial

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statements were consolidated with those of the Filer, the Filer would be a producing issuer;

14. the Filer carries on the same production activities which Etruscan carried on prior to the Filer's acquisition of the Minority Interest;
15. if Etruscan had acquired additional properties prior to its acquisition by the Filer, it would be entitled under subsection 5.3(2) of NI 43-101 to the exemption from the independence requirements of paragraph 5.3(1)(c) of NI 43-101;
16. on December 6, 2010, the Filer announced that it was changing its financial year end from June 30 to December 31, and the first audited annual financial statements of the Filer which will reflect the acquisition of a 100% interest in Etruscan for a 12 month period will be the financial statements for the year ended December 31, 2011, which will be filed with the Canadian securities regulators prior to March 31, 2012;
17. revenues at the Youga mine held by Endeavour through its ownership of Etruscan for the year ended December 31, 2010, exceeded US \$100 million; and
18. the Filer's interim and annual management discussion and analysis will disclose gross revenue from mining operations.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision satisfies 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, until the earlier of:

- (a) any financial year of the Filer subsequent to December 31, 2010, in which the Filer has annual gross revenues from mining operations of less than \$30 million as disclosed in the Filer's audited annual financial statements;
- (b) any financial year of the Filer subsequent to June 30, 2010, in which the Filer has annual gross revenues from mining operations totalling at least \$90 million for that year and the preceding two years as disclosed in the Filer's audited annual financial statements;
- (c) the Filer's financial year ended December 31, 2013;

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- (d) the date, if any, during the period from January 1, 2011, to December 31, 2011, on which the Filer sells its interest in Etruscan; and
- (e) the date, if any, during the period from January 1, 2011, to December 31, 2011, on which mining operations at the Youga Gold Mine cease or materially decline.

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