

2011 BCSECCOM 329

June 24, 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. 5.1 *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 Qualifying Transaction will provide detailed disclosure about its changeover plan as well as the transaction

Applicable Legislative Provisions

National Instrument 52-107, s. 5.1 *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
Northcliff Resources Ltd.
(formerly known as Cabre Capital Corp.)
(the Filer)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under

2011 BCSECCOM 329

the securities legislation of the Jurisdictions (the Legislation) exempting the Filer 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 Canadian GAAP – Part V (the Exemption Sought), in order that the Filer may prepare the following financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook:

- (i) financial statements for financial years ending on or after October 31, 2011 and interim periods ending after April 30, 2011, and
- (ii) financial statements required to be filed pursuant to paragraph 4.10(2) of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102).

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 Alberta (Passport Jurisdiction); 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

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 52-107 have the same meaning if used in this decision, unless otherwise defined.

Representations

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 15th Floor, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H8 and its registered office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7;
3. the Filer is a reporting issuer in the Jurisdictions and the Passport Jurisdiction;

2011 BCSECCOM 329

4. the Filer is not in default of securities legislation of any jurisdiction;
5. the Filer's common shares are listed on the TSX Venture Exchange (TSXV), under the symbol NCF;
6. the Filer was a capital pool company listed on the TSXV until June 7, 2011 when it completed its qualifying transaction under TSXV's Policy 2.4 *Capital Pool Companies* (the Qualifying Transaction) by acquiring all of the issued and outstanding securities of Northcliff Holdings (Canada) Ltd. (formerly named Northcliff Resources Ltd.), a private company incorporated under the laws of British Columbia (the Target);
7. the Filer was formerly named Cabre Capital Corp. and changed its name to Northcliff Resources Ltd. upon completion of the Qualifying Transaction;
8. upon completion of the Qualifying Transaction, the Target became a subsidiary of the Filer and the Filer continued to carry on its business through the Target;
9. the Qualifying Transaction was a reverse acquisition; although for legal purposes the Filer was the acquirer, for accounting purposes the Target was the acquirer; accordingly, the consolidated financial statements of the Filer are those of the accounting acquirer, namely the Target;
10. prior to the completion of the Qualifying Transaction, the financial year ends of the Filer and the Target were July 31 and October 31, respectively; the financial year end of the Filer was changed to October 31 upon completion of the Qualifying Transaction;
11. the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;
12. the filing statement of the Filer describing the Qualifying Transaction contained audited financial statements for the Target for its financial years ended October 31, 2010 and 2009 and a reviewed interim financial report of the Target for the three months ended January 31, 2011 (Filing Statement Financial Statements); the Filing Statement Financial Statements were prepared in accordance with IFRS;
13. the Filer analyzed the Filing Statement Financial Statements and determined there would have been no material differences, in recognition and measurement, had the Filing Statement Financial Statements been prepared in accordance with Canadian GAAP – Part V;

2011 BCSECCOM 329

14. the Target has been preparing its financial statements in accordance with IFRS since its incorporation; the financial statements of the Target for its financial years ended October 31, 2010 and 2009 were prepared in accordance with IFRS and audited in accordance with Canadian GAAS; all interim financial reports prepared by the Target have been prepared in accordance with IFRS;
15. the Canadian Accounting Standards Board adopted IFRS as Canadian GAAP for most publicly accountable enterprises for financial years beginning on or after January 1, 2011;
16. 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, for financial years beginning before January 1, 2011, a domestic issuer must use Canadian GAAP – Part V, with the exception that an SEC registrant may use U.S. GAAP; under Part 4 of NI 52-107, for financial years beginning before January 1, 2011, only foreign issuers may use IFRS;
17. 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 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;
18. subject to obtaining the Exemption Sought, the Filer will adopt Canadian GAAP for publicly accountable enterprises concurrent with the completion of the Qualifying Transaction;
19. the Filer believes that the use of Canadian GAAP for publicly accountable enterprises, which is IFRS incorporated in the Handbook, as the single accounting standard would eliminate complexity and cost from the financial statement preparation process; since the Target prepares its financial statements in accordance with IFRS, the use of Canadian GAAP for publicly accountable enterprises, which is IFRS incorporated in the Handbook, as the Filer's accounting standard would permit the Filer to streamline the reporting process and reduce costs;
20. the Target has historically prepared its financial statements in accordance with IFRS, and since the Filer will carry on its business through the Target upon completion of the Qualifying Transaction, there will be no conversion plan necessary;

2011 BCSECCOM 329

21. 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 Canadian GAAP applicable to publicly accountable enterprises concurrent with the completion of the Qualifying Transaction and has concluded that they will be adequately prepared for the Filer's adoption of Canadian GAAP applicable to publicly accountable enterprises concurrent with the completion of the Qualifying Transaction;
22. the Filer has considered the implications of adopting Canadian GAAP applicable to publicly accountable enterprises concurrent with the completion of the Qualifying Transaction and 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;
23. pursuant to paragraph 4.10(2) of NI 51-102, the Filer will prepare and file the Target's interim financial report for the period ended April 30, 2011;
24. the Filer will not file a management's discussion and analysis for the Target's interim period ended April 30, 2011 as permitted under part 5.1(1.1) of NI 51-102; and
25. the Filer's management's discussion and analysis for the interim period ended April 30, 2011 included relevant information about its transition to Canadian GAAP for publicly accountable enterprises, which is IFRS incorporated into the Handbook, including:
 - (a) the key elements and timing of the Filer's changeover plan;
 - (b) an explanation that the Qualifying Transaction is a reverse acquisition;
 - (c) 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.

Decision

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 the Filer prepares its financial statements for

2011 BCSECCOM 329

financial years ending on or after October 31, 2011 and interim periods ending after April 30, 2011, and the financial statements required to be filed pursuant to paragraph 4.10(2) of NI 51-102, in accordance with Canadian GAAP applicable to publicly accountable enterprises.

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