

# 2011 BCSECCOM 206

May 2, 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* - An issuer wants relief from the requirement to reconcile certain financial statements to Canadian GAAP and GAAS in an information circular to be circulated in connection with an arrangement or reorganization and/or the issuer wants relief from the requirements to prepare or reconcile certain financial statements of a business to be acquired to the issuer's GAAP - The reporting issuer has acquired a target which has always prepared its financial statements in accordance with IFRS as issued by IFRS-IASB; the reporting issuer must file financial statements of the target; the reporting issuer has converted to IFRS-IASB after the transaction and will file all subsequent filings in accordance with IFRS-IASB

## **Applicable British Columbia Provisions**

National Instrument 52-107, s. 5.1 *Acceptable Accounting Principles and Auditing Standards*

In the Matter of  
the Securities Legislation of  
British Columbia  
(the Jurisdiction)

and

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

and

In the Matter of  
Rathdowney Resources Ltd.  
(the Filer)

Decision

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### Background

- ¶ 1 The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (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 generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises (the Exemption Sought), in order that the Filer may prepare the financial reports required to be filed pursuant to paragraph 4.10(2)(a)(ii) of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS-IASB).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (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).

### 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 incorporated under the laws of British Columbia;
  - 2. the head office of the Filer is located at Suite 1020 – 800 West Pender Street, Vancouver, B.C., V6C 2V6, Canada and its registered office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, B.C., V6E 4N7, Canada;
  - 3. the Filer is a reporting issuer in the Jurisdiction and the Passport Jurisdiction;
  - 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 RTH;

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6. the Filer was a capital pool company listed on the TSXV under the name Coreland Capital Inc. until March 16, 2011 when it completed its qualifying transaction under TSXV Policy 2.4 *Capital Pool Companies* (the Qualifying Transaction) with the target Rathdowney Holdings (Canada) Ltd. (formerly Rathdowney Resources Limited) (the Target);
7. the Filer changed its name to Rathdowney Resources Ltd. on March 11, 2011;
8. the Qualifying Transaction is 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 Resulting Issuer are those of the accounting acquirer, namely the Target;
9. 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 (Resulting Issuer);
10. the Resulting Issuer holds an 100% interest in the Mallow Project and 100% interest in the Rokitno-Zawiercie Projects; the Mallow Project is a base metal project comprising of a continuous block of prospecting licenses located in the north of Mallow town, in County Cork and 33 kilometres to the north-northwest of Cork city, Ireland and the Rokitno-Zawiercie Projects comprise two adjoining exploration permit areas, namely Rokitno and Zawiercie, located in the Upper Silesian zinc-lead district of southern Poland, approximately 70 kilometres northwest of the city of Krakow, Poland;
11. the fiscal year end of the Resulting Issuer changed to December 31 upon completion of the Qualifying Transaction;
12. Coreland Capital Inc. has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;
13. the filing statement of Coreland Capital Inc. describing the Qualifying Transaction contained audited financial statements for the Target prepared in accordance with IFRS for the financial years ended December 31, 2009 and 2008 (Filing Statement Financial Statements) and reviewed interim financial statements of the Target for the three and nine months ended September 30, 2010;
14. the Filer analyzed the Filing Statement Financial Statements and determined there would have been no material differences, in recognition and measurement, had those Filing Statement Financial Statements been prepared

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in accordance with generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises;

15. the Target has been preparing its financial statements in accordance with IFRS since its incorporation; the financial statements of the Target for its 2010 and 2009 financial years were prepared in accordance with IFRS and were audited in such form; all interim financial reports prepared by the Target have been prepared in accordance with the international accounting standard on interim financial reporting as issued under IFRS-IASB;
16. the Canadian Accounting Standards Board adopted IFRS-IASB as Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011;
17. 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 generally accepted accounting principles determined with reference to Part V of the Handbook applicable to public enterprises, with the exception that an SEC registrant may use US GAAP; under Part 4 of NI 52-107, for financial years beginning before January 1, 2011, only foreign issuers may use IFRS;
18. as required by paragraph 4.10(2)(a)(ii) of NI 51-102, the Filer will prepare and file the Target's financial statements for the financial year ended December 31, 2010 (the Target Financial Statements);
19. the Filer will not file a management's discussion and analysis (MD&A) for the Target's financial year ended December 31, 2010 as permitted under subsection 5.1(1.1) of NI 51-102; and
20. the Filer proposes to file:
  - (a) the Target Financial Statements prepared in accordance with IFRS-IASB; and
  - (b) a pro forma balance sheet of the Resulting Issuer as at December 31, 2010, prepared in accordance with IFRS-IASB, as if the Qualifying Transaction had been completed,(collectively, the Alternative Financial Disclosure).

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### **Decision**

- ¶ 4 The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that the Filer files the Alternative Financial Disclosure on or before the date on which the Target Financial Statements are required to be filed.

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