

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 statements in accordance with Canadian GAAP in order to adopt IFRS-IASB before the January 1, 2011 changeover date – The Issuer has assessed the readiness on its staff, board, audit committee, and auditors; the reverse takeover acquirer has previously provided detailed disclosure regarding its adoption of IFRS-IASB as set out in CSA Staff Notice 52-320; the interim financial statements for the periods in the fiscal year in which the issuer intends to adopt IFRS-IASB will be those of the reverse takeover acquirer which are prepared in accordance with IFRS-IASB, therefore the issuer will not be required to file restated interim financial statements for this period.

Applicable Legislative Provisions

National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, s. 9.1

Citation: Estrella International Energy Services Ltd., Re, 2010 ABASC 349 Date: 20100805

In the Matter of
the Securities Legislation of
Alberta (the **Jurisdiction**)

and

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

and

In the Matter of
Estrella International Energy Services Ltd. (the **Filer**)

Decision

Background

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 3.1 of National Instrument 52-107 requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**) that financial statements be prepared in accordance with Canadian GAAP (the **Exemption Sought**), in order that the Filer may prepare its financial statements for financial periods ended after June 25, 2010 (**Closing Date**) of the Qualifying Transaction (as such term is defined under the policies of the TSX Venture Exchange (**TSXV**)) 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 Alberta 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 British Columbia.

Interpretation

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

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta).
2. The Filer's head office is Calgary, Alberta.
3. The Filer was a "Capital Pool Company" as such term is defined in the policies of the TSXV, listed under the name Everest Ventures Corp. until June 25, 2010 when it completed its qualifying transaction under TSXV Policy 2.4 Capital Pool Companies (**Qualifying Transaction**) with Estrella Overseas Limited (**Estrella**).
4. The Filer changed its name to Estrella International Energy Services Ltd. on June 25, 2010.
5. The Filer's securities are listed on the TSXV.
6. The Qualifying Transaction is a Restructuring Transaction under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**).
7. The Filer is a reporting issuer in Alberta and British Columbia and is not, to its knowledge, in default of its obligations as a reporting issuer under the securities legislation except for failure to include disclosure pursuant to Item 5.2 of Form NI 51-102F3 *Material Change Report* in its filing of the material change report in respect of the Restructuring Transaction.
8. The Filer acknowledges that any rights of action available to any person or company or securities regulatory authority against the Filer for failure to provide the disclosure pursuant to the material change report are not terminated or altered as a result of this decision.

9. The Filer has a financial year end of December 31, and all of its financial statements have been prepared in accordance with Canadian GAAP.
10. The Filer continued to carry on its business through Estrella (**Resulting Issuer**).
11. The Qualifying Transaction is a reverse takeover; although for legal purposes the Filer was the acquirer, for accounting purposes Estrella was the acquirer; accordingly, the financial statements of the Resulting Issuer are those of the acquired, namely Estrella.
12. Estrella was incorporated pursuant to the laws of the British Virgin Islands, with its legal corporate headquarters located in Hamilton Bermuda and its operating headquarters located in Buenos Aires, Argentina.
13. Estrella was not a reporting issuer in any jurisdiction of Canada. Estrella was a “foreign issuer”, and was not a “SEC foreign issuer”, as such terms are defined in NI 52-107.
14. Estrella adopted IFRS as issued by the IASB (**IFRS-IASB**) on January 1, 2009 with a transition date of January 1, 2008, and as a result, have prepared its financial statements for the years ended December 31, 2009 with a comparative period of December 31, 2008 in IFRS (**December 31, 2009 IFRS Financial Statements**) and they were audited in such form. All interim financial statements by Estrella have been prepared in accordance with IFRS on interim financial reporting as issued by IFRS-IASB.
15. Since Estrella adopted IFRS on January 1, 2009, the December 31, 2009 IFRS Financial Statements included first-time adoption disclosures required under International Financial Reporting Standard 1 (**IFRS 1**). Therefore where the Resulting Issuer early adopts IFRS-IASB, no further IFRS 1 disclosures are required.

Early Adoption of IFRS-ISAB

16. 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 interim and annual financial statements relating to 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, 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.
18. Upon completion of the Qualifying Transaction, the Resulting Issuer became a domestic issuer and therefore, with the exemption being sought hereunder, would be required to prepare its financial statements in Canadian GAAP.

19. 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.
20. Subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB concurrent with the completion of the Transaction.
21. The Filer has included a note in its December 31, 2009 audited financial statements that were included in the Filing Statement, filed pursuant to TSXV policies, to the effect that the Filer is considering early adoption of IFRS, and had the December 31, 2009 financial statements been prepared using IFRS, there would be no recognition or measurement difference.
22. 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 IFRS-IASB concurrent with the completion of the Qualifying Transaction and has concluded that they are adequately prepared for the Filer's early adoption of IFRS-IASB concurrent with the completion of the Qualifying Transaction. Since Estrella is now the Resulting Issuer, there is no conversion plan necessary.
23. The filer has considered the implications of early adopting IFRS-IASB concurrent with the completion of the Transaction and 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.
24. The Filer will not have to revise and refile any previously filed Canadian GAAP interim financial statements so that they are prepared in accordance with IFRS-IASB:
 - (a) as the transaction will be accounted for as a Reverse Takeover, the comparative financial statements of the Resulting Issuer will be that of Estrella (which are prepared in accordance with IFRS-ISAB), not the Filer's; and
 - (b) there would be no recognition or measurement differences had the Filer's financial statements been prepared in IFRS-IASB instead of Canadian GAAP.
25. Estrella adopted IFRS-IASB on January 1, 2009, and has prepared its December 31, 2009 IFRS Financial Statements and both Estrella and the Filer, subject to receiving the Exemption Sought hereunder in the case of the Filer, intend to use IFRS-IASB for its on-going financial reporting.

Decision

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 prepares its annual and interim financial statements for periods after the Closing Date in accordance with IFRS-IASB.

“original signed by”

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