



CROCODILE GOLD



SECTOR MINING

REGIONS

NORTH AMERICA, ASIA-PACIFIC

Crocodile Gold was a Canadian listed mining company with a head office in Toronto, Canada. They operated three gold mines in Australia – the Cosmo Gold Mine in the Northern Territory, plus the Fosterville Gold Mine and Stawell Gold Mine in the State of Victoria. The Board and managers of Crocodile Gold were experienced mine operators and developers who had been involved in some of the world's biggest and most successful gold companies. Crocodile Gold was a public company listed on the TSX in Toronto, Canada with a total of 800 employees and contractors. It has since merged with Newmarket Gold Inc., which continues to trade publicly on the TSX.

CHALLENGE

UHY Haines Norton (UHYHN) in Sydney, Australia was appointed to work with Crocodile Gold's established group auditor McGovern, Hurley, Cunningham, LLP (MHC), UHY's member firm in Toronto, Canada. UHYHN was brought in as auditor of the component entity because of its industry experience, fee structures and ability to work seamlessly cross-border with MHC.

"After a significant acquisition, we reviewed our various incumbent firms and felt strongly that we needed to work with people with good industry experience. MHC had worked with the original chief financial officer and other start-up mining entities. We were confident that together, MHC and UHYHN, could support Crocodile Gold through the acquisition and provide a seamless transition on the audit side," says Robert Dufour, chief financial officer, Crocodile Gold. "They offered us a comprehensive and integrated audit program plus the ability to add value in other areas of our business such as tax and internal control testing."



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SOLUTION

MHC and UHYHN worked with Crocodile Gold to provide an integrated global audit program and internal control review. Much of the group/component auditor interaction and review was conducted electronically, utilising technology to reduce client fees. Both UHY member firms have also been involved in time sensitive matters associated with critical financing transactions and the recent Crocodile Gold merger with Newmarket Gold Inc.

"This has been a challenging time in our industry and our relationship with the UHY member firms in Toronto and Sydney has been enormously beneficial to us," says Robert Dufour. "We have all been impacted by a drop in commodity prices so the UHY member firms' ability to create practical solutions to issues that arose has been invaluable."

RESULT

Crocodile Gold has been pleased with both UHY's member firms' hands-on, team-oriented and practical approach to everything they have undertaken since MHC's appointment as group auditor in 2009 and UHYHN's appointment as component auditor in 2011.

Mining, like other industries, has its own unique financial reporting issues in having to implement largely principles-based international standards in an industry-specific context. UHY member firms rose to the challenge not only in supporting Crocodile Gold's major acquisition of two additional producing mines in Australia, but also comprehensively tackling significant tasks such as impairment charges – judging the existence of impairment indicators against a background of commodities volatility and other potentially adverse economic conditions for mining.

This, together with their handling of gold swap derivatives (financial instruments employed for risk management) that had arisen in the company and been subject to the audit process over the years, provided the high levels of assurance that Crocodile Gold demanded.

"The UHY ethos, embodied in both the Toronto and Sydney UHY member firms was a strong fit with the Crocodile Gold corporate culture, and their proactive, collaborative approach – on audit, tax and on an advisory front has certainly contributed to Crocodile Gold's success during a challenging time in the industry," says Robert Dufour.

UHY IN THE MINING SECTOR

From mining to primary and secondary processing of metals and minerals such as aluminium, gold, precious metals, coal and steel, UHY member firms' local sector knowledge and expertise helps companies to identify opportunities and mitigate risk in new and more challenging overseas markets.

Read our 'Mining perspectives' article in issue 1 of UHY Global – available from www.uhy.com

