.Net figures out when version is needed: Usually the information about the dependent assemblies is present int the application assembly manifest. CLR check the application configuration file, publisher policy file (if exists), and machine config file for information that overrides the version information stored in the calling assembly manifest.

.Net searches GAC (Global assembly cache) only if the assembly is strongly named

If the assembly is not found in the GAC, and if there is a .config file, then .Net searches the location in the configuration file, else .Net searches directory containing the executables(.EXE)

If assembly is not found, the application terminates with error.

Version checking is not done for weakly named assemblies.

