The Ontario Securities Commission

OSC Bulletin

December 4, 2014

Volume 37, Issue 49

(2014), 37 OSCB

The Ontario Securities Commission administers the
Securities Act of Ontario (R.S.O. 1990, c. S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

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Subscriptions are available from Carswell at the price of $773 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

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ISSN 0226-9325
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CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 13-315 (Revised)
*Securities Regulatory Authority Closed Dates 2015**

December 4, 2014

We have a review system for prospectuses (including long form, short form and mutual fund prospectuses), prospectus amendments, pre-filings, and waiver applications. It is described in National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (**NP 11-202**).

Under NP 11-202, a filer that receives a receipt from the principal regulator will be deemed to have a receipt in each passport jurisdiction where the prospectus was filed. However, the principal regulator's receipt will only evidence that the OSC has issued a receipt if the OSC is open on the date of the principal regulator's receipt and has indicated that it is "clear for final". If the OSC is not open on the date of the principal regulator's receipt, the principal regulator will issue a second receipt that evidences that the OSC has issued a receipt on the next day that the OSC is open.

The following is a list of the closed dates of the securities regulatory authorities for 2015 and January 2016. Issuers should note these dates in structuring their affairs.

1. Saturdays and Sundays (all)
2. Thursday January 1 (all)
3. Friday January 2 (QC)
4. Monday February 9 (BC)
5. Monday February 16 (AB, SK, MB, ON, PE, NS)
6. Friday February 20 (YT)
7. Monday March 16 (NL)
8. Friday April 3 (all)
9. Monday April 6 (all except AB, SK, ON)
10. Monday May 18 (all)
11. Monday June 22 (NT, NL)
12. Wednesday June 24 (QC)
13. Wednesday July 1 (all)
14. Thursday July 9 (NU)
15. Monday July 13 (NL)

16. Friday July 31 (SK)

17. Monday August 3 (all except YT, QC, NL, PE)

18. Wednesday August 5 (NL**)

19. Friday August 21 (PE)

20. Monday August 17 (YT)

21. Monday September 7 (all)

22. Monday October 12 (all)

23. Wednesday November 11 (all except AB, ON, QC)

24. Thursday December 24 (QC, NT)

25. Thursday December 24 after 12:00 p.m. (AB, NB, PE, NS), after 1:00 p.m. (YT, BC, MB), after 3:00 p.m. (NU)

26. Friday December 25 (all)

27. Monday December 28 (all)

28. Thursday December 31 (NT, QC)

29. Thursday December 31 after 12:00 p.m. (NB), after 1:00 p.m. (BC), after 3:00 p.m. (NU)

30. Friday January 1, **2016** (all)

31. Monday January 4, **2016** (QC)

*Bracketed information indicates those jurisdictions that are closed on the particular date.

**Weather permitting, otherwise observed on the first following acceptable weather day, such determination made on morning of holiday.

1.1.2 CSA Staff Notice 51-324 – Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-324
Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities

First published December 28, 2007, revised December 30, 2010 and December 4, 2014

December 4, 2014

Section 1.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101 or Rule) defines a number of terms used in *NI 51-101*, Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* (Form 51-101F1), Form 51-101F2 *Report on [Reserves Data]][,] [Contingent Resources Data] [and] [Prospective Resources Data] by Independent Qualified Reserves Evaluator or Auditor* (Form 51-101F2), Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* (Form 51-101F3), Form 51-101F5 *Notice of Ceasing to Engage in Oil and Gas Activities* (Form 51-101F5) and Companion Policy 51-101 *Standards of Disclosure for Oil and Gas Activities* (Companion Policy). Terms italicized in this Glossary are defined herein. Section 1.2 of *NI 51-101* provides that terms used in the *Rule* but not defined in the *Rule*, National Instrument 14-101 *Definitions* (*NI 14-101*) or the securities statute in the *jurisdiction* have the meaning or interpretation, if any, set out in the Canadian Oil and Gas Evaluation Handbook (*COGE Handbook)*.

Part 1 of this Glossary explains much of the terminology used in *NI 51-101* and its forms and the Companion Policy. It is provided only as a convenience to users of *NI 51-101*, to assist them in better understanding the purpose and application of *NI 51-101*. Part 2 of the Glossary focuses on the *reserves* explanations and is derived from section 5 of volume 1 of the *COGE Handbook.*

The explanations in Part 1 of this Glossary are derived from a number of sources, including section 1.1 of *NI 51-101*, *NI 14-101* and the *COGE Handbook*. Where applicable, the source document for the explanation is indicated in square brackets after the explanation (even if the explanation is not verbatim to the source document). These explanations may change from time to time. Readers are cautioned to consult a current edition of the source document for updated explanations.

Background or further guidance may be found in the source documents:

- The *COGE Handbook* can be obtained from the Society of Petroleum Engineers, Calgary Section (Telephone 403-930-5454; email specal@spe.org; website www.speca.ca).
- *NI 14-101* can be viewed on the websites of a number of *securities regulatory authorities*.

Part 1 of this Glossary includes definitions of the various categories of *resources other than reserves* that are identified and defined in the *COGE Handbook*. At the present time, these categories are as follows:

- *total petroleum initially-in-place* (equivalent to *total resources*);
- *discovered petroleum initially-in-place* (equivalent to *discovered resources*);
- *discovered unrecoverable petroleum initially-in-place* (equivalent to *discovered unrecoverable resources*);
- *contingent resources*;
- *undiscovered petroleum initially-in-place* (equivalent to *undiscovered resources*);
- *undiscovered unrecoverable petroleum initially-in-place* (equivalent to *undiscovered unrecoverable resources*); and
- *prospective resources*.

Readers are cautioned to consult a current edition of the *COGE Handbook* for updated *resource* categories and definitions.

PART 1 DEFINITIONS

The terms (and plural, singular or other grammatical variants thereof) set out in the left column below have the meanings respectively set out in the right column.

Defined Term	Meaning
1934 Act	The Securities Exchange Act of 1934 of the United States of America, as amended from time to time. [*NI 14-101*]
Abandonment and reclamation costs	All costs associated with the process of restoring a *reporting issuer's property* that has been disturbed by *oil and gas activities* to a standard imposed by applicable government or regulatory authorities. [*NI 51-101*]
Accumulation	An individual body of *petroleum* in a *reservoir*. [*COGE Handbook*]
Adsorption	The adhesion of molecules to a surface. This may occur as physisorption, due to weak van der Waals forces, chemisorption, the result of covalent bonding, or to electrostatic attraction. [*COGE Handbook*]
Alternate reference point	A location at which quantities and values of a *product type* are measured before the *first point of sale*. [*NI 51-101*]
Amenable volumes	A subsurface stratigraphic interval containing a certain minimum thickness of continuous, predominantly *bitumen*-saturated sand, net of non-*reservoir*, with porosity and mass *bitumen* content (ratio of *bitumen* to water and mineral matter) meeting specific criteria (typically, a minimum of 27 and 7-8 percent, respectively). This is the volume of *bitumen* that it is estimated could be physically extracted from an *accumulation* being evaluated after the application of *reservoir* cut-offs and project technical considerations, but before consideration of regulatory aspects, and surface limitations such as access. [*COGE Handbook*]
Annual information form	A completed Form 51-102F2 *Annual Information Form*, or in the case of an *SEC* issuer (as defined in National Instrument 51-102 Continuous Disclosure Obligations) a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F. [*NI 51-102*]
Analogous fields	Fields having similar *properties* that are at a more advanced stage of development or *production* history than the field of specific interest; may provide concepts or patterns to assist in the interpretation of more limited data. [*COGE Handbook*]
Analogous information	Information about an area outside the area in which the *reporting issuer* has an interest or intends to acquire an interest, which is referenced by the *reporting issuer* for the purpose of drawing a comparison or conclusion to an area in which the *reporting issuer* has an interest or intends to acquire an interest, which comparison or conclusion is reasonable, and includes: • historical information concerning *reserves*; • estimates of the volume or value of *reserves*; • historical information concerning *resources*; • estimates of the volume or value of *resources*; • historical *production* amounts;

- *production* estimates; or
- information concerning a *field*, well, basin or *reservoir*.

[*NI 51-101*]

Analogy The process of transferring information on a subject *accumulation* or *reservoir* (the analogue or source) to another *accumulation* or *reservoir* (the target or subject). (See also reservoir analogue and recovery process analogue.) [*COGE Handbook*]

Anticipated results Information that may, in the opinion of a reasonable person, indicate the potential value or quantities of *resources* in respect of the *reporting issuer's resources* or a portion of its *resources* and includes:

- estimates of volume;
- estimates of value;
- areal extent;
- pay thickness;
- flow rates; or
- *hydrocarbon* content. [*NI 51-101*]

Audit In relation to *reserves data*, the process whereby an *independent qualified reserves auditor* carries out procedures designed to allow the *independent qualified reserves auditor* to provide reasonable assurance, in the form of an opinion that the *reporting issuer's reserves data* (or specific parts thereof) have, in all *material* respects, been determined and presented in accordance with the *COGE Handbook* and are, therefore, free of *material* misstatement.

Because of

(a) the nature of the subject matter (estimates of future results with many uncertainties);

(b) the fact that the *independent qualified reserves auditor* assesses the qualifications and experience of the *reporting issuer's* staff, assesses the *reporting issuer's* systems, procedures and controls and relies on the competence of the *reporting issuer's* staff and the appropriateness of the *reporting issuer's* systems, procedures and controls; and

(c) the fact that tests and samples (involving examination of underlying documentation supporting the determination of the *reserves* and *future net revenue*) as opposed to complete *evaluations*, are involved; the level of assurance is designed to be high, though not absolute.

The level of assurance cannot be described with numeric precision. It will usually be less than, but reasonably close to, that of an *independent evaluation* and considerably higher than that of a *review*. [*COGE Handbook*]

bbl Barrel. [*COGE Handbook*]

Bitumen A naturally occurring solid or semi-solid *hydrocarbon*

(a) consisting mainly of heavier *hydrocarbons,* with a viscosity greater than 10,000 millipascal-seconds (mPa·s) or 10,000 centipoise (cP) measured at the *hydrocarbons'* original temperature in the *reservoir* and at atmospheric pressure on a gas-free basis, and

(b) that is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods.

[*NI 51-101*]

BOE Barrel of *oil* equivalent. [*NI 51-101* and *COGE Handbook]*

By-product A substance that is recovered as a consequence of producing a *product type*. [*NI 51-101*]

Chance of commerciality The product of the *chance of discovery* and the *chance of development*. [*COGE Handbook*]

Chance of development The estimated probability that, once discovered, a *known accumulation* will be *commercially* developed. [*COGE Handbook*]

Chance of discovery The estimated probability that exploration activities will confirm the existence of a significant *accumulation* of potentially recoverable *petroleum*. [*COGE Handbook*]

Coal bed methane *Natural gas* that

(a) primarily consists of methane, and

(b) is contained in a coal deposit. [*NI 51-101*]

COGE Handbook The "Canadian Oil and Gas Evaluation Handbook" maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time. [*NI 51-101*]

Commercial When a *project* is commercial this implies that the essential social, environmental, and economic conditions are met, including political, legal, regulatory, and contractual conditions. Considerations with regard to determining commerciality include

- economic viability of the related development *project*;
- a reasonable expectation that there will be a market for the expected sales quantities of *production* required to justify development;
- evidence that the necessary *production* and transportation facilities are available or can be made available;
- evidence that legal, contractual, environmental, governmental, and other social and economic concerns will allow for the actual implementation of the recovery *project* being *evaluated*;
- a reasonable expectation that all required internal and external approvals will be forthcoming. Evidence of this may include items such as signed contracts, budget approvals, and approvals for expenditures, etc.
- evidence to support a reasonable timetable for development. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. Although five years is recommended as a maximum time frame for classification of a project as commercial, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. [*COGE Handbook*]

Conceptual (scoping) study The initial stage of the development of a project scenario, with limited detail and typically based on limited information. [*COGE Handbook*]

Contingency A condition that must be satisfied for a portion of *contingent resources* to be classified as *reserves* that is: (a) specific to the *project* being *evaluated*; and (b) expected to be resolved within a reasonable timeframe.

For additional information, see section 2.5 of the *ROTR Guidelines*. Note that the Petroleum Resources Management System equates contingency with conditions, which are defined as follows: "the economic, marketing, legal, environmental, social, and governmental factors forecast to exist and impact the project during the time period being evaluated." Contingency was not defined in the *COGE Handbook* before the *ROTR Guidelines* was published, although a similar list is provided. The term "condition" is purely descriptive and does not imply that that any action is required, whereas a "contingency" is a factor that must be resolved in order to reclassify a resource. The Petroleum Resources Management System Guidelines use the term "critical contingency" and, although some contingencies may be more easily resolved than others, they are all go/no-go decision gates that must be resolved. (See also technical contingency.) [*COGE Handbook*]

Contingent resources Those quantities of *petroleum* estimated, as of a given date, to be potentially recoverable from *known accumulations* using *established technology* or *technology under development*, but which are not currently considered to be *commercially* recoverable due to one or more *contingencies*. (See also economic contingent resources, and sub-economic contingent resources.) [*COGE Handbook*]

Contingent resources data Means

(a) an estimate of the volume of *contingent resources*, and

(b) the *risked* net present value of *future net revenue of contingent resources*. *[NI 51-101]*

Conventional natural gas *Natural gas* that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete *accumulations* by seals that may be formed by localized structural, depositional or erosional geological features. [*NI 51-101]*

Crude oil A mixture consisting mainly of pentanes and heavier *hydrocarbons* that exists in the liquid phase in *reservoirs* and remains liquid at atmospheric pressure and temperature. *Crude oil* may contain small amounts of sulphur and other non-*hydrocarbons* but does not include liquids obtained from the processing of *natural gas*. [*COGE Handbook*]

CSA The Canadian Securities Administrators, an association consisting of the thirteen *securities regulatory authorities* in Canada.

Cut-off A limiting value of a *reservoir* parameter that removes non-contributing intervals from *resource* calculations. The *petroleum* contained in the *reservoir* below a cut-off is classified as *unrecoverable*. [*COGE Handbook*]

Developed non-producing reserves See Part 2 of this Glossary. [*COGE Handbook*]

Developed producing reserves See Part 2 of this Glossary. [*COGE Handbook*]

Developed reserves See Part 2 of this Glossary. [*COGE Handbook*]

Development costs Costs incurred to obtain access to *reserves* and to provide facilities for extracting, treating, gathering and storing the *oil* and *gas* from the *reserves*.

More specifically, *development costs*, including applicable *operating costs* of *support equipment and facilities* and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, *gas* lines and power lines, to the extent necessary in developing the *reserves*;

(b) drill and equip *development wells*, development type *stratigraphic test wells* and *service wells*, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install *production* facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and *production* storage tanks, *natural gas* cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

Development not viable Where no further data acquisition or evaluation is currently planned and hence there is a low *chance of development*. [*COGE Handbook*]

Development on hold Where there is a reasonable *chance of development*, but there are major non-technical *contingencies* to be resolved that are usually beyond the control of the operator. [*COGE Handbook*]

Development pending Where resolution of the final conditions for development is being actively pursued (high *chance of development*). [*COGE Handbook*]

Development study The most detailed step in the development of a *project* evaluation scenario. It is based on detailed geological and engineering study and economic analysis of information on the specific *project*, and provides sufficient information for the creation of a development plan, from which a development decision can be made. [*COGE Handbook*]

Development unclarified When the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties. [*COGE Handbook*]

Development well A well drilled inside the established limits of an *oil* or *gas reservoir*, or in close proximity to the edge of the *reservoir*, to the depth of a stratigraphic horizon known to be productive.

Discovered petroleum initially-in-place That quantity of *petroleum* that is estimated, as of a given date, to be contained in *known accumulations* prior to *production*.

The recoverable portion of *discovered petroleum initially-in-place* includes *production*, *reserves* and *contingent resources*; the remainder is *unrecoverable*. [*COGE Handbook*]

Discovered resources Refer to *discovered petroleum initially-in-place* as both terms are equivalent. [*COGE Handbook*]

Discovered unrecoverable petroleum initially-in-place That portion of *discovered petroleum initially-in-place* which is estimated, as of a given date, not to be recoverable by future development *projects*.

A portion of these quantities may become recoverable in the future as *commercial* circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and *reservoir* rocks. [*COGE Handbook*]

Discovered unrecoverable resources Refer to *discovered unrecoverable petroleum initially-in-place* as both terms are equivalent.

Discovery The confirmation of the existence of an *accumulation* of a significant quantity of potentially recoverable *petroleum*. For additional information, see section 2.2.2 of the *COGE Handbook*, vol. 2 Definitions. [*COGE Handbook*]

Economic contingent resources Those *contingent resources* that are currently economically recoverable. [*COGE Handbook*]

Effective date In respect of information, the date as at which, or for the period ended on which, the information is provided. [*NI 51-101*]

Established technology Methods that have been proven to be successful in *commercial* applications. [*COGE Handbook*]

Evaluation In relation to *reserves data* or *resources other than reserves*, the process whereby an economic analysis is made of a *property* to arrive at an estimate of a range of net present values of the estimated *future net revenue* resulting from the *production* of the *reserves* or *resources other than reserves* associated with the *property*. [*COGE Handbook*]

Experimental technology A technology that is being field tested to determine the technical viability of applying a recovery process to *unrecoverable discovered petroleum initially-in-place* in a subject *reservoir*. It cannot be used to assign any class of recoverable *resources* (i.e., *reserves*, *contingent resources*, *prospective resources*). [*COGE Handbook*]

Exploitable bitumen in-place (EBIP) This is the volume of accessible *bitumen* that is estimated could be extracted from a volume considered to be amenable to exploitation, after the application of regulatory factors and surface limitations. [*COGE Handbook*]

Exploration costs Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have *prospects* that may contain *oil* and *gas reserves*, including costs of drilling *exploratory wells* and exploratory type *stratigraphic test wells*.

Exploration costs may be incurred both before acquiring the related *property* (sometimes referred to in part as “prospecting costs”) and after acquiring the *property*. *Exploration costs*, which include applicable *operating costs* of *support equipment and facilities* and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to *properties* to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as “geological and geophysical costs”);

(b) costs of carrying and retaining *unproved properties*, such as delay rentals, taxes (other than income and capital taxes) on *properties*, legal costs for title defence, and the maintenance of land and *lease* records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping *exploratory wells*; and

(e) costs of drilling exploratory type *stratigraphic test wells*.

Exploratory well A well that is not a *development well*, a *service well* or a *stratigraphic test well*.

First point of sale The first point after initial *production* at which there is a transfer of ownership of a *product type*. [*NI 51-101*]

Forecast prices and costs Future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the *reporting issuer* is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).
[*NI 51-101*]

Foreign geographic area A geographic area outside North America within one country or including all or portions of a number of countries.

Form 51-101F1 Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*.

Form 51-101F2 Form 51-101F2 *Report on [Reserves Data][,] [Contingent Resources Data] [and] [Prospective Resources Data] by Independent Qualified Reserves Evaluator or Auditor*.

Form 51-101F3 Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*.

Form 51-101F4 Form 51-101F4 *Notice of Filing of 51-101F1 Information.*

Form 51-101F5 Form 51-101F5 *Notice of Ceasing to Engage in Oil and Gas Activities*

Future income taxexpenses *Expenses* estimated (generally, year-by-year):

(a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between *oil and gas activities* and other business activities;

(b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;

(c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and

(d) applying to the future pre-tax net cash flows relating to the *reporting issuer's oil and gas activities* the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

Future net revenue A forecast of revenue, estimated using *forecast prices and costs* or constant prices and costs, arising from the anticipated development and production of *resources*, net of the associated royalties, *operating costs*, *development costs*, and *abandonment and reclamation costs*. *[NI 51-101]*

Gas Includes *natural gas*, *conventional natural gas*, *coal bed methane*, *gas hydrates*, *shale gas*, and *synthetic gas.*

Gas hydrate A naturally occurring crystalline substance composed of water and *gas* in an ice-lattice structure. [*NI 51-101*]

Gross (a) In relation to a *reporting issuer's* interest in *production* or *reserves*, its "company *gross reserves*", which are the *reporting issuer's* working interest (operating or

non-operating) share before deduction of royalties and without including any royalty interests of the *reporting issuer*.

(b) In relation to wells, the total number of wells in which a *reporting issuer* has an interest.

(c) In relation to *properties*, the total area of *properties* in which a *reporting issuer* has an interest.

Heavy crude oil *Crude oil* with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity. [*NI 51-101*]

Hydrocarbon A compound consisting of hydrogen and carbon, which, when naturally occurring, may also contain other elements such as sulphur. [*NI 51-101*]

Independent In respect of the relationship between a *reporting issuer* and a person or company, the relationship between the *reporting issuer* and that person or company in which there is no circumstance that could, in the opinion of a reasonable person aware of all relevant facts, interfere with that person's or company's exercise of judgment regarding the preparation of information which is used by the *reporting issuer*. [*NI 51-101*]

Instrument (or NI 51-101) National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

Jurisdiction For the purposes of *NI 51-101*, a province or territory of Canada.
[*NI 14-101*]

Kerogen A solid organic substance, insoluble in organic solvents, that results from the degradation of algae and woody plant material.
[*COGE Handbook*]

Kerogenous shale (oil shale) Shale that contains the solid *hydrocarbon kerogen*, which can sometimes be burned without processing or can be converted to liquid *petroleum* by a pyrolysis process, either in situ or at surface after mining.
[*COGE Handbook*]

Known accumulation An *accumulation* that has been penetrated by a well that has demonstrated the existence of a significant quantity of potentially recoverable *petroleum*, preferably by flow testing that demonstrates that the *petroleum* is moveable. If there is no flow test, log and/or core data may suffice, provided a good *commercial* analogue is available to justify the assumption that the *petroleum* is moveable. Where log and/or core data demonstrate the existence of an *accumulation* but recovery potential can only be justified through extensive testing or *experimental technology*, the associated *petroleum initially-in-place* must be classified as *discovered unrecoverable* until a technically viable recovery technology can be demonstrated. [*COGE Handbook*]

Lead A potential *accumulation* within a *play* that requires more data acquisition and/or evaluation in order to be classified as a *prospect*. [*COGE Handbook*]

Lease An agreement granting to the lessee rights to explore, develop and exploit a *property*.

Light crude oil *Crude oil* with a relative density greater than 31.1 degrees API gravity. [*NI 51-101*]

Marketable In respect of *reserves* or sales of *oil*, *gas* or associated *by-products*, the volume of *oil*, *gas* or associated *by-products* measured at the point of sale to a third party, or of transfer to another division of the issuer for treatment prior to sale to a third party. For *gas*, this may occur either before or after the removal of *natural gas liquids*. For *heavy crude oil* or *bitumen*, this is before the addition of diluent.

Material (or materiality) For the purposes of *NI 51-101*, information is *material*, in respect of a *reporting issuer*, if it would be likely to influence a decision by a reasonable investor to buy, hold or sell a security of the *reporting issuer*.

This meaning differs from the definitions of "material change" and "material fact" in *securities legislation*.[*NI 51-101*]

Mcf Thousand cubic feet. [*COGE Handbook*]

McfGE Thousand cubic feet of *gas* equivalent. [*NI 51-101* and *COGE Handbook*]

Medium crude oil *Crude oil* with a relative density that is greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity. [*NI 51-101*]

Natural gas A naturally occurring mixture of *hydrocarbon gases* and other gases. [*NI 51-101*]

Natural gas liquids (or NGLs) Those *hydrocarbon* components that can be recovered from *natural gas* as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates. [*NI 51-101*]

Net

(a) In relation to a *reporting issuer's* interest in *production* or *reserves*, the *reporting issuer's* working interest (operating or non-operating) share after deduction of royalty obligations, plus the *reporting issuer's* royalty interests in *production* or *reserves*.

(b) In relation to a *reporting issuer's* interest in wells, the number of wells obtained by aggregating the *reporting issuer's* working interest in each of its *gross* wells.

(c) In relation to a *reporting issuer's* interest in a *property*, the total area in which the *reporting issuer* has an interest multiplied by the working interest owned by the *reporting issuer*.

Net pay That portion of the thickness of a *reservoir* from which *petroleum* can be produced or extracted. [*COGE Handbook*]

NI 14-101 National Instrument 14-101 *Definitions*.

NI 51-101 *or the* ***Instrument*** National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

NI 51-102 National Instrument 51-102 *Continuous Disclosure Obligations*.

Oil Includes *crude oil*, *bitumen, tight oil* and *synthetic crude oil*.

Oil and gas activities Includes the following:

(a) searching for a *product type* in its natural location;

(b) acquiring *property* rights or a *property* for the purpose of exploring for or removing *product types* from their natural locations;

(c) any activity necessary to remove *product types* from their natural locations, including construction, drilling, mining and production, and the acquisition, construction, installation and maintenance of *field* gathering and storage systems including treating, *field* processing and *field* storage;

(d) producing or manufacturing of *synthetic crude oil* or *synthetic gas*;

but does not include any of the following:

(e) any activity that occurs after the *first point of sale*;

(f) any activity relating to the extraction of a substance other than a *product type* and their *by-products*;

(g) extracting *hydrocarbons* as a consequence of the extraction of geothermal steam. *[NI 51-101]*

Oil and gas metric A numerical measure of a *reporting issuer*'s *oil and gas activities*.

Operating costs *Production costs*.

Ore Ore is a mining term describing oil sand with a minimum thickness that can be technically removed with current mining equipment and contains a minimum *bitumen* content required for anticipated extraction technology. [*COGE Handbook*]

Petroleum A naturally occurring mixture consisting predominantly of *hydrocarbons* in the gaseous, liquid, or solid phase. [*COGE Handbook*]

Play A family of geologically similar fields, *discoveries*, *prospects*, and *leads*. [*COGE Handbook*]

Possible reserves See Part 2 of this Glossary. [*COGE Handbook*]

Pre-development study An intermediate step in the development of a *project* evaluation scenario. The amount of information that is available for the *reservoir* of interest is greater than for a *conceptual study*. In particular, the *petroleum initially-in-place* has been reasonably well defined and the remaining uncertainty lies largely in the recovery factor and the economic viability. The level of economic analysis is sufficient to assess development options and overall *project* viability, but is insufficient for a final investment decision or for seeking outside major financing. [*COGE Handbook*]

Preparation date In respect of written disclosure, the most recent date to which information relating to the period ending on the *effective date* was considered in the preparation of the disclosure. [*NI 51-101*]

Probable reserves See Part 2 of this Glossary. [*COGE Handbook*]

Product type Any of the following:

(a) *bitumen*;

(b) *coal bed methane;*

(c) *conventional natural gas;*

(d) *gas hydrates;*

(e) *heavy crude oil;*

(f) *light crude oil* and *medium crude oil* combined;

(g) *natural gas liquids;*

(h) *shale gas;*

(i) *synthetic crude oil;*

(j) *synthetic gas; or*

(k) *tight oil.* [*NI 51-101*]

Production The cumulative quantity of *petroleum* that has been recovered at a given date. [*COGE Handbook*]

Recovering, gathering, treating, field or plant processing (for example, processing *gas* to extract *natural gas liquids*) and field storage of *oil* and *gas*.

The *oil* production function is usually regarded as terminating at the outlet valve on the *lease* or field production storage tank. The *gas* production function is usually regarded as terminating at the plant gate. In some circumstances, it may be more appropriate to regard the production function as terminating at the first point at which *oil*, *gas* or their by-products are delivered to a main pipeline, a common carrier, a refinery or a marine terminal.

Production costs (or Operating costs) Costs incurred to operate and maintain wells and related equipment and facilities, including applicable *operating costs* of *support equipment and facilities* and other costs of operating and maintaining those wells and related equipment and facilities.

Lifting costs become part of the cost of *oil* and *gas* produced.

Examples of *production costs* are:

(a) costs of labour to operate the wells and related equipment and facilities;

(b) costs of repairs and maintenance;

(c) costs of materials, supplies and fuel consumed, and supplies utilized, in operating the wells and related equipment and facilities;

(d) costs of workovers;

(e) *property* taxes and insurance costs applicable to *properties* and wells and related equipment and facilities; and

(f) taxes, other than income and capital taxes.

Professional organization A self-regulatory organization of engineers, geologists, other geoscientists or other professionals whose professional practice includes *reserves evaluations* or *reserves audits*, that:

(a) admits members primarily on the basis of their educational qualifications;

(b) requires its members to comply with the professional standards of competence and ethics prescribed by the organization that are relevant to the estimation, *evaluation*, *review* or *audit* of *reserves data*;

(c) has disciplinary powers, including the power to suspend or expel a member; and

(d) is either:

(i) given authority or recognition by statute in a *jurisdiction* of Canada; or

(ii) accepted for this purpose by the *securities regulatory authority* or the *regulator*. [*NI 51-101*]

Project A defined activity, or set of activities, that provides the basis for the assessment and classification of *resources*. [*COGE Handbook*]

Project Evaluation Scenario Status The degree to which the project scenario has been developed. Three levels of development are identified – conceptual, pre-development, and development. For additional information, see section 2.4.7 Recovery Project Evaluation Scenario Status in section 2 of volume 2 of the *COGE Handbook*. (See also *conceptual (scoping) study*, *pre-development study*, and *development study*.) [*COGE Handbook*]

Project Maturity Sub-Classes for Contingent Resources See also *development unclarified*, *development pending*, *development on hold*, and *development not viable*. [*COGE Handbook*]

Property Includes:

(a) fee ownership or a *lease*, concession, agreement, permit, licence or other interest representing the right to extract *oil* or *gas* subject to such terms as may be imposed by the conveyance of that interest;

(b) royalty interests, *production* payments payable in *oil* or *gas*, and other non-operating interests in *properties* operated by others; and

(c) an agreement with a foreign government or authority under which a *reporting issuer* participates in the operation of *properties* or otherwise serves as "producer" of the underlying *reserves* (in contrast to being an *independent* purchaser, broker, dealer or importer).

A *property* does not include supply agreements, or contracts that represent a right to purchase, rather than extract, *oil* or *gas*.

Property acquisition costs Costs incurred to acquire a *property* (directly by purchase or *lease*, or indirectly by acquiring another corporate entity with an interest in the *property*), including:

(a) costs of *lease* bonuses and options to purchase or *lease* a *property*;

(b) the portion of the costs applicable to *hydrocarbons* when land including rights to *hydrocarbons* is purchased in fee;

(c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring *properties*.

Prospect A geographic or stratigraphic area, in which the *reporting issuer* owns or intends to own one or more *oil* and *gas* interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one *reservoir* or part of a *reservoir* of *oil* and *gas*.

Prospective resources Those quantities of *petroleum* estimated, as of a given date, to be potentially recoverable from undiscovered *accumulations* by application of future development projects.

Prospective resources have both an associated *chance of discovery* and a *chance of development*. [*COGE Handbook*]

Prospective resources data Means

(a) an estimate of the volume of *prospective resources*, and

(b) the *risked* net present value of *future net revenue* of *prospective resources*; [*NI 51-101*]

Proved property A *property* or part of a *property* to which *reserves* have been specifically attributed.

Proved reserves See Part 2 of this Glossary. [*COGE Handbook*]

Qualified reserves auditor An individual who:

(a) in respect of particular *reserves data*, *resources* or related information, possesses professional qualifications and experience appropriate for the estimation, *evaluation*, *review* and *audit* of the *reserves data*, *resources* and related information; and

(b) is a member in good standing of a *professional organization*. [*NI 51-101*]

Qualified reserves evaluator An individual who:

(a) in respect of particular *reserves data*, *resources* or related information, possesses professional qualifications and experience appropriate for the estimation, *evaluation* and *review* of the *reserves data*, *resources* and related information; and

(b) is a member in good standing of a *professional organization*. [*NI 51-101*]

Qualified reserves evaluator or auditor A *qualified reserves evaluator* or a *qualified reserves auditor*. [*NI 51-101*]

Recovery process analogue A recovery process that is an *established technology* or *technology under development* in the analogue *reservoir* that can be applied to the subject *reservoir* being evaluated. [*COGE Handbook*]

Recovery technology status See *established technology*, *technology under development*, and *experimental technology*. [*COGE Handbook*]

Refinery A refinery (depending on the processes in the facility) can use different *crude oils*, conventional (unprocessed) or synthetic (already *upgraded* once) including *heavy crude oil* and *bitumen*, to make final products for the market or specialized products for further processing, like petrochemicals. [*COGE Handbook*]

Regulator The *securities regulatory authority* or a person who holds a specified position with the *securities regulatory authority* (in several instances, its Executive Director or Director) in each *jurisdiction*. [*NI 14-101*]

Reporting issuer (a) A "*reporting issuer*" as defined in *securities legislation*; or

(b) in a *jurisdiction* in which the term is not defined in *securities legislation*, an issuer of securities that is required to file financial statements with the *securities regulatory authority*.

Reservation In relation to a report on *reserves data* or *resources* (if applicable), a modification of the standard report of an *independent qualified reserves evaluator or auditor* on *reserves data* or *resources* set out in *Form 51-101F2*, caused by a departure from the *COGE Handbook* or by a limitation in the scope of work that the *independent qualified reserves evaluator or auditor* considers necessary. A modification may take the form of a qualified or adverse opinion or a denial of opinion.

Reserves See Part 2 of this Glossary. [*COGE Handbook*]

Reserves data	Estimates of *proved reserves* and *probable reserves* and related *future net revenue* estimated using *forecast prices* and *costs*. [*NI 51-101*]
Reservoir	A subsurface rock unit that contains an *accumulation* of *petroleum*. [*COGE Handbook*]
Reservoir Analogue	A *reservoir* with similar rock properties (lithological, depositional, diagenetic, and structural), fluid properties (*hydrocarbon* type, composition, density, and viscosity), *reservoir* conditions (depth, temperature, and pressure) and drive mechanisms that can be used as a model for the subject *reservoir* being evaluated. [*COGE Handbook*]
Resource Type	Describes the *accumulation* and is determined by the combination of the type of *hydrocarbon* and the rock in which it occurs. For additional information, see section 2.1.3 Resource Types of section 2 of volume 2 of the COGE Handbook. [*COGE Handbook*]
Resources	*Petroleum* quantities that originally existed on or within the earth's crust in naturally occurring *accumulations*, including discovered and undiscovered (recoverable and *unrecoverable*) plus quantities already produced. *Total resources* is equivalent to *total petroleum initially-in-place*. [*COGE Handbook*]
Review	In relation to the role of a *qualified reserves evaluator or auditor* in respect of *reserves data*, steps carried out by the *qualified reserves evaluator or auditor*, consisting primarily of enquiry, analytical procedures, analysis, review of historical *reserves* performance and discussion with *reserves* management staff related to a *reporting issuer's reserves data*, with the limited objective of assessing whether the *reserves data* is "plausible" in the sense of appearing to be worthy of belief based on the information obtained by the *qualified reserves evaluator or auditor* as a result of carrying out such steps. Examination of documentation is not required unless the information does not appear to be plausible. A *reserves* review, due to the limited nature of the investigation involved, does not provide the level of assurance provided by a *reserves audit*. Although *reserves* reviews can be done for specific applications, they are not a substitute for an *audit*. [*COGE Handbook*]
Risked	Adjusted for the probability of loss or failure in accordance with the *COGE Handbook*. [*NI 51-101*]
SEC	The Securities and Exchange Commission of the United States of America. [*NI 14-101*]
Securities legislation	The statute (in most cases entitled the "Securities Act") and subordinate legislation (in most cases including regulations or rules) specified, for each *jurisdiction*, in *NI 14-101*. References in *NI 51-101* to *securities legislation* are to be read as references to *securities legislation* in the particular *jurisdiction*.
Securities regulatory authority	The securities commission or comparable body specified, for each *jurisdiction*, in *NI 14-101*. References in *NI 51-101* to the *securities regulatory authority* are to be read as references to the *securities regulatory authority* in the particular *jurisdiction*.
SEDAR	The System for Electronic Document Analysis and Retrieval referred to in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (*SEDAR*).
Service well	A well drilled or completed for the purpose of supporting *production* in an existing *field*. Wells in this class are drilled for the following specific purposes: *gas* injection (*natural gas*, propane, butane or flue *gas*), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

Shale gas — *Natural gas*:

(a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the *natural gas* is primarily adsorbed on the kerogen or clay minerals, and

(b) that usually requires the use of hydraulic fracturing to achieve economic production rates. [*NI 51-101*]

Solution gas — *Gas* dissolved in *crude oil*.

Stratigraphic test well — A drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for *hydrocarbon production*. They include wells for the purpose of core tests and all types of expendable holes related to *hydrocarbon* exploration.

Stratigraphic test wells are classified as

(a) "exploratory type" if not drilled into a proved *property*; or

(b) "development type", if drilled into a proved *property*. Development type stratigraphic wells are also referred to as "evaluation wells".

Sub-economic contingent resources — Those *contingent resources* that are not currently economically recoverable. There should be a reasonable expectation of a change in economic conditions within the near future that will result in them becoming economically viable. [*COGE Handbook*]

Support equipment and facilities — Equipment and facilities used in *oil and gas activities*, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

Supporting filing — A document filed by a *reporting issuer* with a *securities regulatory authority*. [*NI 51-101*]

Synthetic crude oil — A mixture of liquid *hydrocarbons* derived by upgrading *bitumen*, *kerogen* or other substances such as coal, or derived from *gas* to liquid conversion and may contain sulphur or other compounds. [*NI 51-101*]

Synthetic gas — A gaseous fluid

(a) generated as a result of the application of an in-situ transformation process to coal or other *hydrocarbon*-bearing rock; and

(b) comprised of not less than 10% by volume of methane. [*NI 51-101*]

Technical contingency — A technical issue that must be resolved to allow the *commercial* application of a recovery process technology to a specific *reservoir*. [*COGE Handbook*]

Technology under development — A recovery process that has been determined to be technically viable via field test and is being field tested further to determine its economic viability in the subject *reservoir*. *Contingent resources* may be assigned if the *project* provides information that is sufficient and of a quality to meet the requirements for this *resource class*. (Note: this replaces the definition in the *COGE Handbook* volume 1, Appendix A - Glossary.) [*COGE Handbook*]

Tight Oil	*Crude oil* (a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the *crude oil* is primarily contained in microscopic pore spaces that are poorly connected to one another, and (b) that typically requires the use of hydraulic fracturing to achieve economic *production* rates. [*NI 51-101*]
Total petroleum initially-in-place	That quantity of *petroleum* that is estimated to exist originally in naturally occurring *accumulations.* It includes that quantity of *petroleum* that is estimated, as of a given date, to be contained in *known accumulations*, prior to *production*, plus those estimated quantities in *accumulations* yet to be discovered. [*COGE Handbook*]
Total resources	Refer to *total petroleum initially-in-place* as both terms are equivalent. [*COGE Handbook*]
Total volume (m^3): bitumen in-place (m^3) (TV:BIP)	The ratio of the total volume of material under consideration for mining to the total contained *bitumen* within the ore component of that volume. The in-place *bitumen* content is derived exclusively from the component model blocks or zones, which have been determined to be *ore*, through an *ore*-waste discrimination process. [*COGE Handbook*]
Undeveloped reserves	See Part 2 of this Glossary. [*COGE Handbook*]
Undiscovered petroleum initially-in-place	That quantity of *petroleum* that is estimated, on a given date, to be contained in *accumulations* yet to be discovered. The recoverable portion of *undiscovered petroleum initially-in-place* is referred to as *prospective resources*; the remainder is *unrecoverable*. [*COGE Handbook*]
Undiscovered resources	Refer to *undiscovered petroleum initially-in-place* as both terms are equivalent. [*COGE Handbook*]
Undiscovered unrecoverable petroleum initially-in-place	That portion of *undiscovered petroleum initially-in-place* which is estimated, as of a given date, not to be recoverable by future development *projects*. A portion of these quantities may become recoverable in the future as *commercial* circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and *reservoir* rocks. [*COGE Handbook*]
Undiscovered unrecoverable resources	Refer to *undiscovered unrecoverable petroleum initially-in-place* as both terms are equivalent.
Unproved property	A *property* or part of a *property* to which no *reserves* have been specifically attributed.
Unrecoverable	That portion of discovered or undiscovered *petroleum initially-in-place* quantities which is estimated, as of a given date, not to be recoverable by future development *projects*. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and *reservoir* rocks. [*COGE Handbook*]

Upgrader An upgrader is a facility that processes either *heavy crude oil* or *bitumen* into products that can either flow without diluent being added or other blends of *crude* with properties that are now desirable in a typical *refinery*. Many different blends can be made at an upgrader for the final user. One of the most common (sweet synthetic) is the premium *crude*, which is made from a blend of treated naphtha, kerosene (distillate) and gas oil. This product has been sold in the market place since the late 1960s. It is also possible to make untreated blends of upgraded *crude oils* and final products like diesel fuel. Typically, gasoline is not made at an upgrader. [*COGE Handbook*]

Upgrading Upgrading is a term used to describe the process of changing the structure or improving the quality of a *heavy crude oil* or *bitumen* to allow either further use as a final product or feedstock to a *refinery*. Typically, *heavy oils* and *bitumen* contain large amounts of asphaltenes, metals, sulphur, and nitrogen components. Removal of these components or impurities will usually result in a higher price for the upgraded *oil*.

Constituents like asphaltenes are long chain aromatic ring type hydrocarbons that are prone to coking (a term which results in these long chain molecules breaking and then rejoining to form even longer chain molecules), which will plug or foul equipment and catalyst. [*COGE Handbook*]

U.S. federal securities laws The federal statutes of the United States of America concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statues, all as amended from time to time. [*NI 14-101*]

PART 2 DEFINITIONS OF RESERVES

This Part is derived from Section 5 of Volume 1 of the *COGE Handbook* (Second Edition, September 1, 2007). Consult a current edition of the *COGE Handbook* for updates and for additional explanation and guidance.

The following *reserves* definitions and guidelines are designed to assist evaluators in making *reserves* estimates on a reasonably consistent basis, and assist users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

The guidelines outline

general criteria for classifying *reserves*,

procedures and methods for estimating *reserves*,

confidence levels of individual entity and aggregate *reserves* estimates,

verification and testing of *reserves* estimates.

The determination of *oil* and *gas reserves* involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of *proved*, *probable*, and *possible reserves* have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of *reserves* requires the application of professional judgement combined with geological and engineering knowledge to assess whether or not specific *reserves* classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply *reserves* definitions. These concepts are presented and discussed in greater detail within the guidelines in Section 5.5 [of the *COGE Handbook*].

The following definitions apply to both estimates of individual *reserves* entities and the aggregate of *reserves* for multiple entities.

***Reserves* Categories**

Reserves are estimated remaining quantities of *oil* and *natural gas* and related substances anticipated to be recoverable from *known accumulations*, as of a given date, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

(a) ***Proved reserves*** are those *reserves* that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated *proved reserves*.

(b) ***Probable reserves*** are those additional *reserves* that are less certain to be recovered than *proved reserves*. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated *proved* plus *probable reserves*.

(c) ***Possible reserves*** are those additional *reserves* that are less certain to be recovered than *probable reserves*. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated *proved* plus *probable* plus *possible reserves*.

Other criteria that must also be met for the classification of *reserves* are provided in [Section 5.5.4 of the *COGE Handbook*].

Development and *Production* Status

Each of the *reserves* categories (*proved*, *probable* and *possible*) may be divided into *developed* and *undeveloped* categories:

(a) ***Developed reserves*** are those *reserves* that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the *reserves* on *production*. The *developed* category may be subdivided into producing and non-producing.

Developed producing reserves are those *reserves* that are expected to be recovered from completion intervals open at the time of the estimate. These *reserves* may be currently producing or, if shut-in, they must have previously been on *production*, and the date of resumption of *production* must be known with reasonable certainty.

Developed non-producing reserves are those *reserves* that either have not been on *production*, or have previously been on *production* but are shut-in and the date of resumption of *production* is unknown.

(b) ***Undeveloped reserves*** are those *reserves* expected to be recovered from *known accumulations* where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of *production*. They must fully meet the requirements of the *reserves* category (*proved*, *probable*, *possible*) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool *reserves* between the *developed* and *undeveloped* categories or to subdivide the *developed reserves* for the pool between *developed producing* and *developed non-producing*. This allocation should be based on the estimator's assessment as to the *reserves* that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and *production* status.

Levels of Certainty for Reported *Reserves*

The qualitative certainty levels referred to in the definitions above are applicable to "individual *reserves* entities", which refers to the lowest level at which *reserves* calculations are performed, and to "reported *reserves*", which refers to the highest level sum of individual entity estimates for which *reserves* estimates are presented. Reported *reserves* should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated *proved reserves*;

- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable reserves*; and

- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable* plus *possible reserves*.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various *reserves* categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of *reserves* estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with *reserves* estimates and the effect of aggregation is provided in Section 5 [of the *COGE Handbook*].

Questions

Please refer questions to any of the following:

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1.1.3 CSA Staff Notice 51-327 – Revised Guidance on Oil and Gas Disclosure

Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-327
Revised *Guidance on Oil and Gas Disclosure*

First published February 27, 2009, revised December 30, 2010, December 29, 2011 and December 4, 2014

December 4, 2014

1. Introduction

This revised Canadian Securities Administrators (CSA or we) Staff Notice (Notice) provides guidance on compliance with aspects of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101).

NI 51-101 applies to reporting issuers that are directly or indirectly engaged in oil and gas activities (Oil and Gas Issuers). Central to the NI 51-101 disclosure regime is mandatory disclosure of prescribed reserves data, which includes estimates of proved reserves and probable reserves and related future net revenues. NI 51-101 also establishes standards for certain non-mandatory disclosure that Oil and Gas Issuers may choose to make regarding oil and gas activities.[1]

When first issued on 27 February 2009 under the title *Oil and Gas Disclosure: Resources Other Than Reserves Data*, this Notice was designed to address observations by CSA staff of issues arising as a result of an increase in non-mandatory disclosure of possible reserves and other resource classes, especially for unconventional resources. This Notice was revised as of 30 December 2010 to address additional issues relating to oil and gas disclosure and to remove guidance on certain issues that we addressed by amendments to NI 51-101.[2] This Notice was again revised as of 29 December 2011 to discuss observations by CSA staff in reviewing disclosure in light of amendments to NI 51-101 in 2010 and to re-emphasize or expand guidance on some issues discussed in previous versions of this Notice.

This Notice is now being revised in connection with the publication of amendments to NI 51-101 on December 4, 2014, the adoption of the detailed guidelines for estimation and classification of bitumen resources (Bitumen Guidelines) into volume 3 of the Canadian Oil and Gas Evaluation Handbook (COGE Handbook) on April 1, 2014, and the adoption of the guidelines for estimation and classification of resources other than reserves (ROTR Guidelines) into section 2 of volume 2 of the COGE Handbook on July 17, 2014.

Context and Cautions

Suggested Wording – We recommend, at various points in this Notice, that non-mandatory disclosure be accompanied by cautionary statements, and we suggest wording that may be helpful. We recommend cautionary statements based on our view that disclosure of resources other than proved and probable reserves may mislead if the disclosure lacks context; we intend the cautionary statements to provide appropriate context. Adequate disclosure will provide explanation and, where appropriate, cautionary information. An Oil and Gas Issuer may use cautionary wording other than what we recommend by this Notice where necessary to provide complete and accurate disclosure.

General Guidance with Examples – We have chosen specific disclosure topics for discussion in this Notice as examples of how general principles apply to specific situations, the topics chosen reflecting recurring concerns arising from observations of CSA staff in reviewing disclosure. This Notice is not a checklist – we intend that Oil and Gas Issuers, and their evaluators and auditors, will use this Notice to guide them in preparing oil and gas disclosure. The themes illustrated in that discussion of professional responsibility and careful choices in formulating disclosure apply also to other topics not mentioned here.

Notes on Terminology

Terminology References – Clarity and consistency in the use of terminology is essential to good disclosure by Oil and Gas Issuers. Important terminological sources include:

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1 See NI 51-101, section 5.9.

2 See CSA Notice of Amendments to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and related and consequential amendments, published 15 October 2010.

- COGE Handbook – refer to section 5 of volume 1[3] titled "*Definitions of Resources and Reserves*", notably Figure 5-1, and section 2 of volume 2 of the COGE Handbook; and

- CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* (the CSA Glossary).

Specific Terms – The classification and categorization of resources is a vital aspect of disclosure under NI 51-101. Although there is now broad alignment between the COGE Handbook and the Society for Petroleum Engineers - Petroleum Resource Management System (SPE-PRMS), some differences remain.[4] Terms in this Notice, unless otherwise defined, have the meaning as set out in NI 51-101, which incorporates defined terms from the COGE Handbook (including the latest additions of the Bitumen Guidelines and the ROTR Guidelines). For clarity, NI 51-101 and this Notice use terminology as follows:

category – In colloquial usage, the term "category" includes both "class" and "category". As a result, volume 1 (2nd Edition 2007) and volume 2 (2005) of the COGE Handbook use the terms "class" and "category" interchangeably. The ROTR Guidelines (July 17, 2014) have adopted the usage in the SPE-PRMS (see Figure 2-1 Resources Classification Framework) as follows:

> "Class" describes the chance of commerciality (reserves, contingent resources, etc.) as expressed on the vertical axis of the SPE-PRMS matrix.
>
> "Category" describes the range of uncertainty within a class as expressed on the horizontal axis of the SPE-PRMS matrix. For example, within the class of "reserves" are the categories of "proved", "probable" and "possible", and for other classes the estimation categories of "low estimate", "best estimate" and "high case".
>
> In view of the fact that the COGE Handbook (other than ROTR Guidelines) generally uses the term category to mean both "class" and "category", for the purpose of NI 51-101, the term "category" includes, but is not limited to, both the concepts of "class" and "category" as described above.

resources – In colloquial usage, the term "resources" may or may not include reserves volumes. We refer to "resources", consistent with the CSA Glossary, as a general term that may refer to all or a portion of total resources, with "total resources" as equivalent to "total petroleum initially-in-place" as defined in the COGE Handbook.

reserves data – We refer to "reserves data" as defined in NI 51-101 as an estimate of proved reserves and probable reserves and related future net revenue. The phrase "resources other than proved or probable reserves" refers to all other classes of resources as classified in the COGE Handbook, including possible reserves.

2. Responsibility for Disclosure of Oil and Gas Information

All who are involved in Oil and Gas Issuers' disclosure – the issuers themselves, their management and directors, and those individuals or firms who provide professional services to them – should be mindful of both (i) the fundamental objectives of Canadian securities legislation, and (ii) the various sources of requirements, restrictions and standards that may apply to formulating disclosure. To protect investors and foster fair and efficient capital markets, Canadian securities legislation is designed to provide the investing public with timely, useful and reliable information from reporting issuers. Those involved in providing such information should give thought to those key objectives. Such individuals must also take note of applicable rules and requirements of relevant professional associations and applicable requirements and restrictions of Canadian securities legislation, which include but are not entirely limited to NI 51-101, which mandates compliance with the COGE Handbook.

(a) Oil and Gas Issuers – General Standards and Responsibilities

Disclosure relating to oil and gas activities of an Oil and Gas Issuer is subject to the specific requirements and restrictions of NI 51-101, but disclosure requirements are not limited to NI 51-101. Oil and Gas Issuers must make their disclosure within the larger context of Canadian securities legislation and make appropriate use of instructional guides in developing and reporting disclosure.

(i) Canadian Securities Legislation, Generally

Disclosure relating to oil and gas activities is subject not only to the specific requirements and restrictions of NI 51-101 but also to applicable requirements and prohibitions of other elements of Canadian securities

[3] Available on the Alberta Securities Commission website at: http://www.albertasecurities.com/securitiesLaw/Regulatory%20Instruments/5/2232/COGEHs.5DefinitionsofOilandGasResourcesandReserves.pdf

[4] See section 5.1.1 of volume 1 of the COGE Handbook.

legislation. Not every topic of disclosure is discussed specifically in NI 51-101 or elsewhere in Canadian securities legislation. Oil and Gas Issuers must also give attention to the broader purposes, principles and prohibitions of Canadian securities legislation. Following are discussions of a few examples.

A. Misrepresentations or Misleading Statements

Among the broad prohibitions of Canadian securities legislation is the ban on misrepresentations – that is (broadly speaking), false, untrue or misleading statements (or omissions from statements) of facts that are material in the sense of being reasonably likely to significantly affect the market price or value of a security. Such materially misleading disclosure is improper and illegal. All responsible for an Oil and Gas Issuer's disclosure should, therefore, give close attention to its quality, ensuring that it does not – expressly, or by omission – mislead. In assessing the quality and sufficiency of disclosure or proposed disclosure, they should bear in mind not only specific disclosure requirements (if applicable) but also, more broadly, the key purposes of Canadian securities legislation, mentioned above.

The following are examples of disclosure that, in the view of CSA staff, could be materially misleading or untrue:

- disclosure of a contingent resource for which there is no flow test or good analog;
- the results of an evaluation for a reservoir based on a production process that has never been used in that type of reservoir;
- inappropriate analog – that is, use of information that is not truly analogous to the reported reserves;
- disclosure of unconventional resources using a project scenario that is not reasonable with regard to timing or cost and may result in misleading disclosure with respect to the value of a project; and[5]
- disclosure respecting the risked net present value of future net revenue of prospective resources or contingent resources that are not in the development pending project maturity sub-class without including an explanation about the factors considered respecting the chance of commerciality, which includes both chance of discovery and chance of development in the case of prospective resources and chance of development in the case of contingent resources.

Similarly, the following are examples of disclosure that CSA staff consider could be materially misleading or untrue by reason of omissions – failures to state facts that may be required or necessary to be stated to avoid what is stated being misleading:

- disclosure of petroleum initially-in-place (PIIP) without clarifying whether it is discovered or undiscovered;
- disclosure of a contingent resource without providing information as to its economic viability;
- disclosure of a resource of any class or category without adequate disclosure of the associated significant economic factors or significant uncertainties that are specific to the Oil and Gas Issuer that may affect any associated project;
- disclosure of a contingent resource with only general or vague mention of the contingencies – for example, using wording commonly used by other Oil and Gas Issuers that may not fully or accurately describe the contingencies that apply in the particular circumstances; and
- disclosure of a short-term or peak rate for a well test without providing additional disclosure on the test, including that the reported rate is a short-term or peak rate.

[5] Further, it may be misleading for an Oil and Gas Issuer to disclose the result of an evaluation for a project that the Oil and Gas Issuer may not be able, or does not intend, to carry out without disclosing this fact and providing a discussion of how the disclosed value of the project could be realized.

B. Material Changes

As one example of a specific disclosure requirement arising outside NI 51-101, Canadian securities legislation requires prompt public disclosure of any "material change".[6] A reporting issuer satisfies this important disclosure obligation by issuing and filing a news release and filing a material change report; it is not satisfied merely by including information in an Oil and Gas Issuer's annual statement of reserves data filed under NI 51-101 or issuing a news release alone.

C. Requirements Applicable to Disclosure of Oil and Gas Activities

NI 51-101 imposes standards and restrictions that apply to disclosure of oil and gas activities, whether or not such disclosure is restricted to proved and probable reserves and related future net revenue. That is, an Oil and Gas Issuer must consider whether disclosure of oil and gas activities, in any form, and whether made voluntarily or in response to any specific provision of NI 51-101, adheres to applicable provisions of Part 5 of NI 51-101.

It is not possible to identify in advance for all issuers all potentially sound – or improper – disclosure. Oil and Gas Issuers and those involved in preparing, authorizing and disseminating their disclosure must assess their particular facts and circumstances and make judgements on such matters as materiality, taking into account express legal requirements and restrictions, as well as broader principles and prohibitions. That said, CSA staff believe that the observations and recommendations in this Notice will assist Oil and Gas Issuers and those involved in preparing, authorizing and disseminating their disclosure.

(ii) COGE Handbook and Other Guides

The COGE Handbook is a useful reference for preparing and issuing disclosure required by Canadian securities legislation. It is not, however, an exhaustive guide. Oil and Gas Issuers should bear in mind relevant general principles when formulating disclosure.

When using the COGE Handbook in the preparation and review of information for securities disclosure, Oil and Gas Issuers must interpret it in a manner that is consistent with all applicable Canadian securities legislation including, but not limited to, the principles and specific requirements and restrictions of NI 51-101.

Volume 1 (2nd edition, 2007) and volume 2 (2005) of the COGE Handbook contains general guidance on the evaluation and classification of resources, but the focus is on the evaluation of conventional reserves. For this reason, it has been necessary to supplement this guidance with material on the evaluation of "non-conventional" reserves and resources other than reserves.

The recent addition of the Bitumen Guidelines to volume 3 (2007) of the COGE Handbook addresses the evaluation and classification of the volumes of heavy oil or bitumen existing in, and recoverable from, formations that are suitable for exploitation using in-situ or mining recovery methods. An objective of these guidelines is to ensure that, regardless of the recovery method, the estimate satisfies a single set of classification criteria.

The further addition of the ROTR Guidelines in section 2 of volume 2 of the COGE Handbook address other resources classes. The ROTR Guidelines progress from the estimation of petroleum initially in place, through classification as discovered/undiscovered, identification and characterization of recovery technologies and projects, and to the estimation and economic status of recoverable volumes and description of contingencies and project maturity.

The ROTR Guidelines cover topics that are already addressed to some extent in other sections of the COGE Handbook. There are some differences between the ROTR Guidelines and the guidance in other volumes and sections of the COGE Handbook. Where there is a conflict between the ROTR Guidelines and other parts of the COGE Handbook, the ROTR Guidelines take precedence with respect to the evaluation of resources other than reserves. Those differences may be addressed in future revisions to the COGE Handbook.

(iii) Specific Description Rather than Commonly-used Wording

To avoid misleading disclosure, Oil and Gas Issuers should tailor their disclosure to their particular circumstances. We have observed the use, verbatim, of wording that appears in other issuers' disclosure. Boilerplate disclosure is unhelpful for an investor; it may also be misleading.

[6] See National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), section 7.1.

As an example, the long standing requirement found in item 5.2 of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* (Form 51-101F1) that requires an Oil and Gas Issuer to discuss company-applicable significant factors or uncertainties with respect to reserves data has been extended to other resource categories. Section 5.9 of NI 51-101 and item 6.2.1 of Form 51-101F1 detail these requirements. In order to comply with NI 51-101, the disclosure should clearly address the factors and uncertainties that are specific to the Oil and Gas Issuer's properties and not simply repeat boilerplate discussion or repeat other Oil and Gas Issuers' disclosure.

(iv) Use of NI 51-101 Forms for Other Purposes

Forms 51-101F1, 51-101F2 *Report on [Reserves Data][,][Contingent Resources Data][and][Prospective Resources Data] by Independent Qualified Reserves Evaluator or Auditor* (Form 51-101F2) and 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* (Form 51-101F3) are intended to be used for annual disclosure of reserves data and other specific information. An Oil and Gas Issuer may use such forms as templates for other disclosure purposes, but those documents that offer additional disclosure should not be identified as "*Form 51-101F1*", "*Form 51-101F2*" or "*Form 51-101F3*", and the headings should be modified to describe the actual contents of the disclosure.

(b) Evaluators and Auditors – General Standards and Responsibilities

An independent qualified reserves evaluator or auditor who signs a report in Form 51-101F2 is representing that the disclosed information is not misleading and that the reserves data and resources data (if disclosed) are free of material misstatement. Therefore, by signing those forms, qualified reserves evaluators and auditors are taking on a professional responsibility that reflects on their individual professionalism and the integrity of their profession. This section provides guidance using, as an example, representations about the net present value of future net revenue of an Oil and Gas Issuer's estimated proved and probable reserves.

(i) Professional Responsibility

One of the requirements of NI 51-101 is that a qualified reserves evaluator or auditor must be a member of a professional organisation as defined in section 1.1 of NI 51-101.[7]

Oil and Gas Issuers and evaluators must be aware of section 4.8 of volume 1 of the COGE Handbook, titled "Independence, Objectivity and Confidentiality". It may, for instance, be inappropriate for an evaluator to provide an evaluation of a project on which the evaluator has also provided significant engineering advice.

(ii) Misrepresentations or Misleading Statements

The guidance regarding misrepresentations or misleading statements discussed above[8] applies equally to a qualified reserves evaluator or auditor who signs a statement in Form 51-102F2. In particular, professionals must represent that evaluated projects of the Oil and Gas Issuer provide a net present value of future net revenue that is not misleading.

The evaluation of oil and gas resources is based on a defined scenario or project.[9] Many unconventional resources are developed through large projects, often with long timelines and a net present value that captures the time-discounted value of expenditures and revenues. A project scenario that is not reasonable with regard to timing or cost could result in misleading disclosure with respect to the value of a project.

An evaluation scenario, whether provided to the evaluator for review by the Oil and Gas Issuer or developed by the evaluator, should be reasonable with regard to timing and cost. Oil and Gas Issuers may consider providing a description of key factors in a major project scenario in order to avoid misleading disclosure.

(iii) Use of COGE Handbook and Other Guides

The guidance provided above in subparagraph 2(a)(ii) of this Notice similarly applies to activities of qualified reserves evaluators and auditors in reviewing Oil and Gas Issuers' disclosure. Technical manuals and

7 An example of such a professional organisation is the Association of Professional Engineers and Geoscientists of Alberta (APEGA), which recognises the COGE Handbook as the practice standard for oil and gas evaluation. Each evaluator, whether independent or an employee of an Oil and Gas Issuer, must be mindful at all times of obligations imposed on them as an individual member of a professional organization. A particular example of such professional obligation is the adherence to the APEGA Guideline for Ethical Practice. Another example of such a professional organisation is the Association of Professional Engineers and Geoscientists of British Columbia.

8 See clause 2(a)(i)(A) of this Notice.

9 See section 5.3.3 of volume 1 of the COGE Handbook.

reference materials are valuable tools, and in some cases required, to aid in developing disclosure. They should be used appropriately in the exercise of fulfilling the general, as well as specific, obligations of Canadian securities legislation.

(iv) Expertise Required to Perform Evaluation

When evaluators or auditors sign a report prepared in accordance with Form 51-101F2 they are representing that they possess the expertise to carry out the evaluation that is being reported. NI 51-101 requires that such professionals possess the professional qualifications and experience appropriate to carry out the required review.[10] In addition to the NI 51-101 requirements that evaluators and auditors be qualified professionals, obligations and standards of their profession will apply.[11]

As an example, where an evaluator assigns a net present value or confirms a net present value that has been assigned on the basis of such things as a novel recovery technology or upgrading, the evaluator must be certain as a professional that they possess adequate qualifications and experience to make that professional judgement.

3. Specific Disclosure Topics

The following discussion topics should not be viewed or treated as an exhaustive list of potential issues related to oil and gas disclosure. The following serve as examples that incorporate some of the general concepts discussed in section 2 above.

(a) Disclosure of Well-Flow Test Results

Disclosure of well-flow test results can have a significant effect on the market price or value of an Oil and Gas Issuer. Additional information is often necessary in order to avoid misleading readers with such disclosure.[12] Disclosing the results of short-term tests, "rates up to", or short-term peak rates as daily rates, for example, would be misleading without additional explanation.

Oil and Gas Issuers should include information about all of the following when disclosing well-flow test results:

- the geological formation(s) for which test results are being disclosed;
- the type of test (examples include wireline, drillstem testing (DST), or production test);
- duration of the test;
- average rate of oil- or gas-flow during the test;
- recovered fluid types and volumes (reporting the recovery of load fluid without stating that it is load fluid would be regarded as misleading);
- significant production or pressure decline during the test;
- if a pressure transient analysis or well-test interpretation has not been carried out, a cautionary statement should be made to the effect that the data should be considered to be preliminary until such analysis or interpretation has been done; and
- a cautionary statement that the test results are not necessarily indicative of long-term performance or of ultimate recovery.

In addition to the disclosure of the above information on a well-flow test, further disclosure may be necessary to avoid being misleading to readers, especially when high initial decline rates or a short production life are anticipated. Such additional disclosure could include expected duration of production.

Canadian securities legislation requires an Oil and Gas Issuer to make timely disclosure – notably when the result of a test and its implications could amount to a material change.

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10 See the definitions of "qualified reserves auditor" and "qualified reserves evaluator" in section 1.1 of NI 51-101

11 For example, Rule 2 of the Guideline for Ethical Practice of APEGA states, "Professional engineers and geoscientists shall undertake only work that they are competent to perform by virtue of their training and experience."

12 See subparagraph 2(a)(i)(A) of this Notice.

(b) Classification to Most Specific Class and Category of Reserves and of Resources Other than Reserves

Section 5.3 of Companion Policy 51-101 *Standards of Disclosure for Oil and Gas Activities* (51-101CP) contemplates as "exceptional circumstances" a situation in which an Oil and Gas Issuer is unable to classify a discovered resource into one of the sub-categories of discovered resources. The guidance in 51-101CP originally reflected established mining practice, which requires a pre-feasibility or a feasibility study before reserves are assigned to mining operations. In that case, the recovery technology is well established but commerciality requires confirmation. The applicability of "exceptional circumstances" for recovery of hydrocarbons by means other than mining would be limited to situations in which it is not possible to define a project[13] for the recovery of a resource from a petroleum accumulation. Subsection 5.16(3) of NI 51-101 provides for this by allowing the disclosure of discovered PIIP without disclosure of reserves or contingent resources. However, subsection 5.16(3) of NI 51-101 only applies when the Oil and Gas Issuer cannot disclose the more specific class, and is not an option that may be exercised to avoid disclosure of the most specific class and category, including the fact that the resources are currently unrecoverable, when the information is or can be made available.

If Oil and Gas Issuers can develop projects using several recovery processes but no decision has been made among them, one or more of such possible processes may be reflected in an evaluation as the basis of disclosure, and the results disclosed in an appropriate class (most likely contingent resources) with relevant discussion.

The definition of discovered PIIP includes the following statement: "the recoverable portion of discovered petroleum initially-in-place includes production, reserves, and contingent resources; the remainder is unrecoverable". Therefore, any volume for which a project cannot be defined and evaluated for classification of production, reserves, contingent resources or, in the case of undiscovered PIIP, prospective resources, at the evaluation date, is by definition, unrecoverable at the time of the evaluation.

Oil and Gas Issuers with volumes currently classified as unrecoverable but who are developing recovery projects, possibly at an experimental level, may describe their activities in the disclosure, provided it is accompanied by a discussion of significant positive and negative factors. [14]

(c) Stand-Alone Possible Reserves

Stand-alone possible reserves are possible reserves that are assigned to a property for which no proved or probable reserves volumes have been assigned. We think it is potentially misleading to disclose possible reserves on a stand-alone basis. Situations in which it might be appropriate to disclose possible reserves on a stand-alone basis are rare, but could include any one or more of the following:

- project economics are such that no proved or probable reserves can be assigned, but on a proved + probable + possible reserves basis the project is economically viable, and a development decision has been made (e.g., adding compression, expanding facilities, offshore development of a structure delineated mainly with seismic with only limited well control);
- only minor expenditure is required to develop the possible reserves and development is likely to proceed in the near future (e.g., behind-pipe zones in a well which has proved or probable reserves in another interval);
- possible reserves may be assigned to that part of an accumulation for which an Oil and Gas Issuer has the rights when proved or probable reserves have been assigned to adjacent parts of the same accumulation for which the Oil and Gas Issuer does not have rights.

In all of these situations, there should be an intention to develop the stand-alone possible reserves within a reasonable time.

In these situations, an Oil and Gas Issuer that includes material stand-alone possible reserves in its disclosure should also disclose the fact that such reserves are classified as stand-alone possible reserves, provide a clear proximate explanation as to why the possible reserves have been disclosed on a stand-alone basis and also include the cautionary statement required by subparagraph 5.2 (1) (a) (v) of NI 51-101 regarding possible reserves.

[13] For this purpose, a project is a program of work that can be evaluated to demonstrate its commercial viability using established technology or technology under development (refer to subparagraph 3(d)(vi)(C) of this Notice). The level of detail in a project and the sophistication of an evaluation will generally increase from prospective, to contingent resources, to reserves.

[14] See subparagraph 5.9(2)(d)(iii) of NI 51-101.

(d) Aggregation of Resource Estimates for Several Properties

Oil and Gas Issuers may aggregate volumes of the same class, but not of different classes.

Current guidance on the aggregation of resource estimates is provided in subsection 5.2(4) of 51-101CP, titled "Probabilistic and Deterministic Evaluation Methods" and in sections 5.5.3, 9.6 of volume 1 and in section 4.4 of volume 2 of the COGE Handbook. Although the general principles discussed in those publications are relevant to the aggregation of all resource classes, the guidance in 51-101CP and the COGE Handbook was written primarily to address the aggregation of reserves data (i.e., of proved and of proved + probable reserves). Section 2.8 of volume 2 of the COGE Handbook provides specific guidance on the aggregation of estimates of contingent resources and of estimates of prospective resources. Below we provide additional guidance on the public disclosure of aggregated estimates that include resources other than reserves data.

(i) Probabilistic Aggregation of Resource Estimates for Several Properties

Guidance found in subsection 5.2(4) of 51-101CP on the probabilistic aggregation of reserves titled "Probabilistic and Deterministic Evaluation Methods" and in section 5.5.3 of volume 1 of the COGE Handbook, titled "Aggregation of Reserves Estimates" is also applicable to disclosure of estimates of resources other than reserves data. Although section 2.8.1 of volume 2 of the COGE Handbook discourages aggregating probabilistically above the field or property level, the authors suggest that where "aggregations are externally disclosed there must be an explanation of the methods and assumptions employed."

(ii) Arithmetic Aggregation of Resource Estimates for Several Properties

Proved, proved + probable and proved + probable + possible reserves estimates and high, best, and low estimates of other resource classes are measures of the probability that actual remaining recovered quantities will exceed the disclosed volumes. Disclosure of the arithmetic sum of low estimates or high estimates of multiple properties may be misleading.

Proved + probable reserves, and best estimates of other resource classes, are generally considered to be approximations to a mean estimate[15] and, as such, their summation provides meaningful information and may be disclosed without misleading readers.

However, when other estimates are aggregated (e.g., multiple estimates of proved + probable + possible reserves or multiple high estimates of other resource classes) statistical principles indicate that the resulting sums will lie beyond a reasonable range of expected actual outcomes and, therefore, will potentially mislead readers.

Accordingly, where an Oil and Gas Issuer discloses an arithmetic aggregation of several proved + probable + possible reserves estimates or of several high estimates of other resource classes, the Oil and Gas Issuer should consider (in addition to applying the guidance set out in subsection 5.2(4) of 51-101CP) accompanying the disclosure with a clear cautionary statement to the following effect:

> This volume is an arithmetic sum of multiple estimates of [identify reserves or resource classes], which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of [reserves or resources] and appreciate the differing probabilities of recovery associated with each class as explained [indicate where disclosed and explained].

[15] This will not always be the case, especially for estimates made for frontier areas or for unconventional hydrocarbons. The implications of this should be considered when adding estimates of this nature.

Example: Arithmetic Aggregation

Reserves in Bcf	Proved (circa P90)	Proved + Probable (circa P50)	Proved + Probable + Possible (circa P10)
Property 1	10	20	50
Property 2	12	18	30
Property 3	5	12	25
Property 4	25	40	75
Property 5	32	50	80
Total	84	140	260

Probability of getting:

More than	84 Bcf	>> 90% (much greater than 90%)
About	140 Bcf	≈ 50% (equal likelihood of getting more or less)
More than	260 Bcf	<< 10% (much less than 10%)

That is, the probability that the combined production from all properties will exceed 260 Bcf is much lower (perhaps 1%) than the criterion for proved + probable + possible reserves (i.e., a 10% probability of recovering a greater volume). Conversely, the probability that actual production will exceed 84 Bcf is considerably greater (perhaps 98%).

This example uses P90, P50, and P10 criteria, but the same argument applies for any estimates that are greater or less than a mean, whether they have been determined using deterministic or probabilistic methods.

(e) Use of the Term "Best Estimate"

The term "best estimate" is defined in Appendix A of volume 1 of the COGE Handbook with respect to entity-level estimates as follows:

> … the value derived by an evaluator using deterministic methods that best represents the expected outcome with no optimism or conservatism... If probabilistic methods are used, there should be at least a 50 percent probability (P_{50}) that the quantities actually recovered will equal or exceed the best estimate.

The term "best estimate" should not be used to describe the results of arithmetic or probabilistic aggregation of resource estimates, unless these are risked in the aggregation process in such a manner that the aggregated value is strictly in accord with the definition of "best estimate" (refer to section 5.3.5 of volume 1 of the COGE Handbook, titled "Uncertainty Categories").

Questions

Please refer questions to any of the following:

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1.2 Notices of Hearing

1.2.1 7997698 Canada Inc.et al. – ss. 127(7), 127(8)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
7997698 CANADA INC.,
carrying on business as INTERNATIONAL LEGAL AND ACCOUNTING SERVICES INC.,
WORLD INCUBATION CENTRE, or WIC (ON), JOHN LEE also known as CHIN LEE, and
MARY HUANG also known as NING-SHENG MARY HUANG

NOTICE OF HEARING
(Subsections 127(7) and (8) of the Securities Act)

WHEREAS on November 21, 2014, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order"), pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O., c. S.5., as amended (the "Act"), ordering the following:

(a) that all trading in any securities by 7997698 Canada Inc., carrying on business as International Legal and Accounting Services Inc., World Incubation Centre, or WIC (ON) ("7997698"), John Lee also known as Chin Lee ("Lee"), and Mary Huang also known as Ning-Sheng Mary Huang ("Huang") shall cease; and

(b) that the exemptions contained in Ontario securities law do not apply to any of 7997698, Lee, and Huang;

TAKE NOTICE THAT the Commission will hold a hearing (the "Hearing") pursuant to subsections 127(7) and (8) of the Act at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room, Toronto, Ontario on Wednesday December 3, 2014 at 10:00 a.m. or as soon thereafter as the Hearing can be held;

TO CONSIDER whether it is in the public interest for the Commission:

(a) to extend the Temporary Order pursuant to subsections 127(7) and 127(8) of the Act until the conclusion of the hearing or until such further time as considered necessary by the Commission; and

(b) to make such further orders as the Commission considers appropriate;

BY REASON OF the facts recited in the Temporary Order and of such allegations and evidence as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the Hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the Hearing may proceed in the absence of that party and such party is not entitled to further notice of the proceeding;

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE que l'avis d'audience est disponible en français, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plut tôt possible et, dans tous les cas, au moins trente (30) jours avant l'audience si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

DATED at Toronto this 24th day of November, 2014.

"Daisy Aranha"
per: Josée Turcotte
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 Paul Azeff et al.

FOR IMMEDIATE RELEASE
November 26, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PAUL AZEFF, KORIN BOBROW,
MITCHELL FINKELSTEIN, HOWARD JEFFREY MILLER
AND MAN KIN CHENG (a.k.a. FRANCIS CHENG)

TORONTO – The Commission issued Reasons and Decision regarding Non-Suit Motions in the above named matter.

A copy of the Reasons and Decision dated November 25, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.2 7997698 Canada Inc. et al.

FOR IMMEDIATE RELEASE
November 26, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
7997698 CANADA INC., carrying on business as
INTERNATIONAL LEGAL AND ACCOUNTING
SERVICES INC., WORLD INCUBATION CENTRE, or
WIC (ON), JOHN LEE also known as CHIN LEE, and
MARY HUANG also known as
NING-SHENG MARY HUANG

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on December 3, 2014 at 10:00 a.m. to consider whether it is in the public interest for the Commission:

(a) to extend the Temporary Order pursuant to subsections 127(7) and 127(8) of the Act until the conclusion of the hearing or until such further time as considered necessary by the Commission; and

(b) to make such further orders as the Commission considers appropriate;

A copy of the Notice of Hearing dated November 24, 2014 and Temporary Order dated November 21, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.3 IAC – Independent Academies Canada Inc. et al.

FOR IMMEDIATE RELEASE
November 27, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
IAC – INDEPENDENT ACADEMIES CANADA INC.,
MICRON SYSTEMS INC.,
THEODORE ROBERT EVERETT and
ROBERT H. DUKE

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on December 1, 2014 at 10:00 a.m. will be heard on December 1, 2014 at 11:00 a.m.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

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For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.4 TD Waterhouse Private Investment Counsel Inc. et al.

FOR IMMEDIATE RELEASE
November 27, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
TD WATERHOUSE PRIVATE INVESTMENT COUNSEL INC., TD WATERHOUSE CANADA INC. AND TD INVESTMENT SERVICES INC.

TORONTO – The Commission issued its Oral Ruling and Reasons in the above named matter.

A copy of the Oral Ruling and Reasons dated November 27, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

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For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.5 Patrick Myles Lough et al.

FOR IMMEDIATE RELEASE
November 28, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PATRICK MYLES LOUGH, LYNDA DAWN DAVIDSON
and WAYNE THOMAS ARNOLD BARNES

TORONTO – The Commission issued its Reasons and Decision and an Order pursuant to Subsections 127(1) and 127(10) of the Securities Act in the above noted matter.

A copy of the Reasons and Decision dated November 27, 2014 and the Order dated November 27, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

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For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.6 Kris Sundell

FOR IMMEDIATE RELEASE
November 28, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KRIS SUNDELL

TORONTO – The Commission issued its Reasons and Decision and an Order pursuant to Subsections 127(1) and 127(10) of the Securities Act in the above noted matter.

A copy of the Reasons and Decision dated November 27, 2014 and the Order dated November 27, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.7 Paul Yoannou

FOR IMMEDIATE RELEASE
November 28, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PAUL YOANNOU

TORONTO – The Commission issued its Reasons and Decision and an Order pursuant to Subsections 127(1) and 127(10) of the Securities Act in the above noted matter.

A copy of the Reasons and Decision dated November 27, 2014 and the Order dated November 27, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.8 A25 Gold Producers Corp. et al.

FOR IMMEDIATE RELEASE
November 28, 2014

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
A25 GOLD PRODUCERS CORP., DAVID AMAR,
JAMES STUART ADAMS and AVI AMAR

TORONTO – The Commission issued an Order in the above named matter which provides that:

(a) the hearing dates of January 19, 20, 21, 22, 23, 26, 28, 29 and 30, 2015 be vacated;

(b) The Respondents shall provide their hearing briefs, will-say statements and witness lists to Staff by January 15, 2015; and

(c) t he hearing on the merits in this matter shall commence on February 25, 2015 at 10:00 a.m., on a peremptory basis with respect to the Respondents, and shall continue on February 26, 27, March 5, 6, 9, 10, 11, 12, and 13, 2015.

A copy of the Order dated November 27, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CHI-X Canada ATS Limited

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA,
MANITOBA AND QUEBEC
(THE JURISDICTIONS)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CHI-X CANADA ATS LIMITED
(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 the securities legislation of the Jurisdictions (the **Legislation**), as set out in Appendix A, for an exemption from the requirement to be recognized as a "stock exchange" or "exchange" (the **Exemptive Relief Sought**).

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

a) the Ontario Securities Commission is the principal regulator for this application,

b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

The Filer also applied to the Director for an exemption pursuant to section 6.1 of the Ontario Securities Commission Rule 13-502 *Fees* (the **Fee Rule**) from the requirement in section 4.1 of the Fee Rule to pay a fee for the Exemptive Relief Sought (the **Fee Relief**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**), National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) and the *Securities Act* (Ontario) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation subject to the laws of Canada and operates in Canada as an alternative trading system (**ATS**). The Filer operates a marketplace called CX2 Canada ATS (**CX2**) for listed securities traded on the Toronto Stock Exchange (**TSX**) and the TSX Venture Exchange (**TSXV**).

2. In connection with its status as an ATS, the Filer is registered as an investment dealer in British Columbia, Alberta, Manitoba, Ontario and Quebec, is an IIROC marketplace member and is not in default of any securities legislation in any jurisdiction in Canada.

3. The Filer's head office is located in Toronto, Ontario.

4. The Filer is proposing to introduce a new facility in CX2 for odd lot trading: the CX2 Canada Odd Lot Trading Facility (the **Odd Lot Facility**). An odd lot is an order for a number of shares that is less than the minimum prescribed "board lot" size. A board lot is 100 shares for stocks valued at or above one dollar, 500 shares for stocks valued from 10 cents to 99 cents and 1000 shares for stocks valued from half a cent to 9.5 cents.

5. CX2 subscribers will be able to receive guaranteed fills for odd lot orders that are immediately marketable against the Canadian Best Bid Offer (**CBBO**) and marked IOC (immediate or cancel). Odd Lot Dealers will meet their responsibility to guarantee executions against incoming odd lot orders on the passive side of the CBBO through orders generated by the trading system (auto-execution). The Odd Lot Facility is described below:

    a. A Subscriber will qualify to become an Odd Lot Dealer if it is a member in good standing with IIROC, has met all applicable CX2 requirements and has requested to be an Odd Lot Dealer and signed the Odd Lot Dealer Addendum.

    b. Each CX2 Odd Lot Dealer will be randomly assigned a list of securities based on the number of CX2 Odd Lot Dealers. Each CX2 Odd Lot Dealer will also be assigned the underlying family of securities associated with a primary security.

    c. Odd lot orders that are not immediately marketable or not marked IOC will be rejected. An order containing at least one board lot and an odd lot (mixed lot) that is marked IOC will also be accepted. The odd lot portion of the mixed lot will receive auto execution and the board lot portion of the mixed lot order will seek available liquidity on CX2. If there is insufficient liquidity on CX2 to fully execute the order, any remaining volume will be canceled. Incoming Odd Lot Market Orders will auto-execute at the time of order entry, at the CBBO Best Bid and Offer price.

    d. CX2 subscribers that are interested in serving as Odd Lot Dealers can be designated as such at the discretion of CX2. Where CX2 Canada allocates listed securities to an Odd Lot Dealer, the Odd Lot Dealer will be responsible for guaranteeing automatic immediate fills for incoming marketable IOC odd lot orders through orders generated automatically by the trading system. Maintaining an inventory of securities traded in Odd Lots is the responsibility of the Odd Lot Dealer.

6. Because the Filer is offering the Odd Lot Facility described in paragraph 4 and as a result may be providing directly or through its subscribers, a guarantee of a two-sided market on a continuous or reasonably continuous basis, the Filer may not fall within the definition of "alternative trading system" under NI 21-101.

Decision

1. 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.

2. The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

3. The decision in paragraph 2 is subject to the following term and condition:

    (a) The Filer complies with all requirements applicable to an ATS under NI 21-101.

"Edward P. Kerwin"

"Sarah B. Kavanagh

Ontario Securities Commission

Director Exemption Decision

The Director is satisfied that to grant the Fee Relief would not be prejudicial to the public interest.

It is the decision of the Director, pursuant to section 6.1 of the Fee Rule, that the Filer is exempt from the requirement in section 4.1 of the Fee Rule to pay an activity fee for filing the coordinated review application.

"Susan Greenglass"
Director, Market Regulation

DATED at Toronto, Ontario this 26th day of November, 2014.

APPENDIX A:

SECTIONS IN THE PROVINCIAL SECURITIES ACTS RELEVANT TO THE RECOGNITION OF AN EXCHANGE & EXEMPTION BY THE COMMISSION

Jurisdiction	**Sections in Provincial Securities Act Relevant to:** **(a) Recognition of an Exchange and;** **(b) Exemption by the Commission**
British Columbia	(a) Part IV, s. 25 (b) s. 33(1)
Alberta	(a) Part IV, s. 62(1) (b) s. 213
Manitoba	(a) Part XIV, s. 139(1) (b) s. 167
Ontario	(a) Part VIII, s. 21(1) (b) s. 147
Québec	(a) Title VI, s. 169 (b) s. 263

2.1.2 The Trendlines Group Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer under application securities legislation – Issuer became a reporting issuer by filing a prospectus, but the offering under the prospectus did not close. The issuer does not intend to do a public offering of its securities. The issuer's securities do not trade on any marketplace. The issuer's securityholders are aware of the issuer's intention to cease to be a reporting issuer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(b).

November 28, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA AND NOVA SCOTIA
(THE JURISDICTIONS)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
THE TRENDLINES GROUP LTD.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is not a reporting issuer (the Exemptive Relief Sought).

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

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer was incorporated in Israel under the Israeli Companies Law on May 1, 2007, under the name T.I.F. Ventures Ltd. On July 16, 2008, the Filer changed its name to The Trendlines Group Ltd.

2. The Filer's registered and head office is located at 17 T'helet Street, Misgav Business Park, M.P. Misgav 20174, Israel.

3. The Filer is a reporting issuer in each of the Jurisdictions.

4. The Filer became a reporting issuer in the Jurisdictions upon the issuance of a receipt for the Filer's prospectus dated September 18, 2014 (the Prospectus) in connection with a proposed initial public offering (the IPO) of the Filer's securities pursuant to the Prospectus.

5. The Filer did not close the IPO and no securities have been, or will be, distributed pursuant to the Prospectus.

6. The Filer is not listed on the Toronto Stock Exchange or any other stock exchange inside or outside of Canada.

7. The Filer has no present intention of seeking financing by way of public offering of securities in Canada or elsewhere.

8. The Filer's registered (authorized) share capital is NIS 1,000,000 divided into 100,000,000 Ordinary Shares of NIS 0.01 par value of which 39,839,119 ordinary shares are currently outstanding. In addition, there are an aggregate of (a) 6,694,371 ordinary shares issuable upon the exercise of options outstanding under the Filer's stock option plan (the Option Plan); (b) 585,446 ordinary shares issuable upon the exercise of an existing put/call option agreement (the Put/Call); (c) 46,896 ordinary shares issuable upon the exercise of a warrant (the Warrant); (d) 6,767 ordinary shares issuable upon the exercise of a broker warrant (the Broker Warrant); (e) $1,575,071 principal amount of convertible debentures (the Debentures), excluding accrued interest, which are convertible into ordinary shares of the Filer upon the occurrence of certain events; (f) 117.58 compensation warrants convertible into 117.58 debentures at a purchase price equal to $1,000.00 per debenture (the Debenture Broker Warrant); and (g) 2,714,583 ordinary shares subject to a share exchange agreement (the Share Exchange Shares), which convert following specified exit events, with shareholders of a subsidiary of the Filer.

9. The outstanding ordinary shares of the Filer are beneficially owned by approximately 92 shareholders.

10. The Debentures are beneficially owned by approximately 21 debentureholders.

11. The options under the Option Plan are beneficially owned by approximately 29 employees of the Filer, all of whom are resident in Israel.

12. The options under the Put/Call are beneficially owned by approximately 5 optionees, all of whom are resident in Israel.

13. The Warrant is issued to Tmura – the Israeli Public Service Venture Fund, which is located in Israel.

14. The Broker Warrant is issued to one warrantholder, who is resident in Ontario.

15. The Debenture Broker Warrant is issued to two warrantholders, who are resident in Ontario and one of whom is the same holder as the holder of the Broker Warrant.

16. The rights to the Share Exchange Shares are issued to approximately 8 rightsholders, all of whom are resident in Israel.

17. The outstanding ordinary shares of the Filer are beneficially owned, directly or indirectly, by 10 shareholders who are resident in Canada, holding an aggregate of 323,956 ordinary shares. There are 7 shareholders located in Ontario, 2 shareholders located in Alberta and 1 shareholder located in Saskatchewan.

18. The outstanding Debentures of the Filer are beneficially owned, directly or indirectly, by 5 debentureholders who are resident in Canada, holding an aggregate of CAD $183,071 of the outstanding principal amount of the Debentures, excluding accrued interest. All 5 debentureholders who are resident in Canada are located in Ontario.

19. All of the securities of the Filer issued to security holders in Canada were issued pursuant to a prospectus exemption.

20. The Filer completed a private placement of 96,667 ordinary shares at a price of US $1.50 per share on October 27, 2014, to 3 investors who are resident in Ontario. The Filer also intends to complete a private placement of ordinary shares in the US and in Israel (if applicable) on similar terms. Sales of ordinary shares to residents of Ontario were made in accordance with the accredited investor exemption under section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*. The investors acknowledged in their signed subscription agreements that the Filer has applied for the Exemptive Relief Sought. No other trading of the Filer's securities has occurred in Canada since it filed the Prospectus.

21. No securities of the Filer including debt securities are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 Marketplace Operation or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

22. The Filer is not in default of any of its obligations under the Legislation.

23. The Filer is subject to the provisions of the Israeli Companies Law, 5759-1999. As such, certain corporate records and information of the Filer are accessible to the public, including its address, articles of association, authorized and issued share capital, shareholders' names and shareholdings (not necessarily up-to-date), directors' names, registered liens and certain corporate resolutions adopted by the Filer, among other records. In accordance with the Israeli Companies Law and the regulations promulgated thereunder, the Filer is required to notify the Israeli Registrar of Companies upon certain corporate changes in the Filer, including without limitation, issuance and transfer of shares, appointment or dismissal of directors, imposition of liens, amendment or replacement of the Articles of Association, modifications in share capital, a merger and change of registered address, among other changes. In addition the Filer is required to file an annual report with the Israeli Registrar of Companies. The annual report is accessible to the public and contains general details regarding, among other things, the shareholders of the Filer and their shareholdings; the directors of the Filer; the name of the Filer's auditors; and the date the Filer's financial statements were presented to the shareholders in a general meeting.

24. The Filer is applying for the Exemptive Relief Sought in all of the jurisdictions of Canada in which it is currently a reporting issuer.

25. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 Applications for a decision that an Issuer is not a reporting Issuer because its outstanding securities are beneficially owned, directly or indirectly, by greater than 50 securityholders in total worldwide and because it is a reporting issuer in British Columbia.

26. If the Exemptive Relief Sought is granted, the Filer will no longer be a reporting issuer or equivalent in any jurisdiction in Canada.

27. The Filer issued a news release on September 30, 2014, announcing the cancellation of the IPO and that it intended to file an application in the Jurisdictions for a decision that it is not a reporting issuer in the Jurisdictions.

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 Exemptive Relief Sought is granted.

"Jim Turner"
Vice-Chair
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.1.3 FAM Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – issuer is a real estate investment trust which holds all of its properties through limited partnerships – entity holds units in limited partnerships which are exchangeable into and in all material respects the economic equivalent to the issuer's publicly traded units – relief granted from the valuation requirement for certain non-cash assets in connection with a specific related party transaction – valuation not required of exchangeable limited partnership units since public units can be a proxy for such exchangeable units – no imbalance of material information between the related party and minority shareholders since the reporting issuer has continuous disclosure obligations.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Shareholders in Special Transactions, ss. 5.4, 6.3, 9.1.

December 1, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the "Jurisdiction")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
FAM REAL ESTATE INVESTMENT TRUST
(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, pursuant to Section 9.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), that the Filer be granted an exemption from the requirement in Section 6.3(1)(d) of MI 61-101 to obtain a formal valuation of the Consideration Exchangeable LP Units (as defined below) to be issued in connection with the Proposed Transaction (as defined below) (the "**Relief**"):

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

(a) the Ontario 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 Québec.

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 an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. The Filer is governed pursuant to a declaration of trust dated August 27, 2012, as amended and restated on December 27, 2012.

2. The Filer's head office is located at 200 Front Street West, Suite 2400 Toronto, Ontario M5V 3K2.

3. The Filer is a reporting issuer (or the equivalent thereof) in each province and territory of Canada and is currently not in default of any applicable requirements under the securities legislation thereunder.

4. The Filer is authorized to issue an unlimited number of trust units ("**Trust Units**") and an unlimited number of special voting units ("**Special Voting Units**"). As of November 10, 2014, the Filer has 12,094,396 Trust Units and 2,977,132 Special Voting Units issued and outstanding.

5. The number of Special Voting Units outstanding at any point in time is equal to the number of outstanding class B limited partnerships units (the "**Class B LP Units**") of FAM Management Limited Partnership ("**FAM LP**"). The Class B LP Units are exchangeable at the option of the holder into Trust Units and the accompanying Special Voting Units provide to the holder of the Class B LP Units voting rights with respect to the Filer.

6. FAM LP is a limited partnership formed under the laws of the Province of Ontario and is governed by an agreement of limited partnership dated December 28, 2012 (the "**Partnership Agreement**"). The general partner of FAM LP is FAM GPCo Inc. ("**FAM GP**"), a company established under the laws of Ontario. FAM GP is a wholly-owned subsidiary of the Filer.

7. FAM LP is authorized to issue an unlimited amount of general partnership units, an unlimited amount of Class A limited partnership units ("**Class A LP Units**") and an unlimited amount of Class B LP Units. As of November 10, 2014, FAM LP has (i) 100 issued and outstanding general partnership units, all of which are held by FAM GP, (ii) 5,882,662 Class A LP Units issued and outstanding, all of which are held by the Filer, and (iii) 2,977,132 Class B LP Units issued and outstanding, all of which are held by Slate Capital Corp. ("**Slate Capital**") (together with its affiliates) as set out below.

8. The Trust Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "F.UN". The Class B LP Units are not listed or posted for trading on the TSX or any other stock exchange.

9. The Class B LP Units are, in all material respects, economically equivalent to Trust Units on a per unit basis, and holders are entitled to receive distributions from FAM LP equal to those paid to the holders of the Trust Units by the Filer. Pursuant to the Partnership Agreement and the exchange agreement dated December 28, 2012, as amended, among the Filer, FAM LP and Huntingdon (the "**Exchange Agreement**"), each Class B LP Unit is exchangeable at the option of the holder for one Trust Unit of the Filer (subject to customary anti-dilution adjustments) and is accompanied by a Special Voting Unit that entitles the holder to receive notice of, attend and vote together with the holders of Units at all meetings of voting unitholders of the Filer. The Class B LP Units are not transferable and the Partnership Agreement requires the holder thereof to not take any action that would result in the Class B LP Units being held by a non-resident.

10. The Filer is a diversified commercial real estate portfolio of office, industrial and retail properties throughout Canada. As at the date hereof, the Filer owns a portfolio of 28 properties containing approximately 1.8 million square feet of existing leasable space. The Filer also owns a 50% interest in a fully pre?leased 64,000 square foot data centre development currently under construction in Winnipeg, Manitoba.

11. As of November 10, 2014, Slate Capital, the manager of the Filer, held an approximate 30.7% voting and effective economic interest (on a non-diluted basis) in the Filer through the ownership of 1,648,278 Trust Units and 2,977,132 Class B LP Units (and the accompanying 2,977,132 Special Voting Units).

12. On August 12, 2014, Slate Capital entered into an arrangement agreement (the "**Arrangement Agreement**") to acquire all of the issued and outstanding shares of Huntingdon Capital Corp. ("**Huntingdon**") by plan of arrangement transaction (the "**Huntingdon Transaction**"). Upon the closing of the Huntingdon Transaction, which occurred on November 4, 2014, Slate Capital, among other things, assumed Huntingdon's obligations as the Filer's manager and indirectly owns, or controls or directs, all of the Trust Units, Special Voting Units and accompanying Class B LP Units previously held by Huntingdon.

13. On October 29, 2014, the Filer and FAM LP entered into a purchase and sale agreement with Slate GTA Suburban Office Inc. ("**Slate GTA"**) and Slate Capital (the "**Acquisition Agreement**") pursuant to which, in one or more transaction steps, the Filer, through either FAM LP or a newly created limited partnership managed and controlled by the Filer (the "**New Partnership**" and together with FAM LP, the "**Partnerships**"), will acquire a portfolio of seven office properties (the "**Portfolio Properties**") located in the greater Toronto area from Slate GTA for consideration of approximately $190.0 million (the "**Purchase Price**") to be comprised of: (i) approximately $144.0 million cash and (ii) the issuance of approximately $46.0 million in securities which shall consist of a combination of Trust Units and either the Class B LP Units or class B limited partnership units of the New Partnership (the "**New Partnership Class B LP Units**" and, collectively with the Class B LP Units, the "**Consideration Exchangeable LP Units**"), in each case, at a

price of $9.00 per unit (the acquisition and sale transactions are hereinafter referred to as the "**Proposed Transaction**"). The Purchase Price is subject to adjustment in accordance with the terms of the Acquisition Agreement.

14. As a result of the Arrangement Agreement, Slate Capital was, at the time the Acquisition Agreement and the Proposed Transaction were agreed to, considered a "related party" of the Filer pursuant to clause (d) of the definition of "related party" and subsection 1.6(2) in MI 61-101.

15. Slate GTA is an "affiliated entity" of Slate Capital pursuant to such definition in MI 61-101, and accordingly, Slate GTA was also considered a "related party" of the Filer at the time the Acquisition Agreement and the Proposed Transaction were agreed to pursuant to clause (h) of the definition of "related party" in MI 61-101.

16. Accordingly, the Proposed Transaction is a "related party transaction" pursuant to clause (a) of the definition of "related party transaction" in MI 61-101 and subject to the applicable requirements of MI 61-101 relating to, among other things, preparation of a formal valuation of the non-cash assets involved in the Proposed Transaction (the "**Non-Cash Valuation Requirement**") and the approval by a majority of the votes cast by disinterested holders of Trust Units and Special Voting Units (collectively, the "**Unitholders**") entitled to vote on the Proposed Transaction at a special meeting of Unitholders (the "**Unitholder Meeting**") to seek the approval in accordance with MI 61-101 of the Proposed Transaction by a majority of the votes cast by disinterested holders of Trust Units and Special Voting Units voting as a single class.

17. If a New Partnership is established in connection with the Proposed Transaction, it will have terms and conditions, including capital structure, a partnership agreement (the "**New Partnership Agreement**") and exchange rights under an amendment to the Exchange Agreement (the "**Amended Exchange Agreement**"), identical to FAM LP and as otherwise described herein (other than differences relating to the name, formation and capitalization amounts, or which are administrative or clerical in nature). The Consideration Exchangeable LP Units will have the same attributes as the Class B LP Units and as otherwise described herein (other than differences that are administrative or clerical in nature).

18. A committee of independent trustees of the Filer (the "**Special Committee**") was responsible for supervising the preparation of formal valuations of the Portfolio Properties (the "**Valuations**") and retained Altus Group Limited to prepare the Valuations in accordance with MI 61-101.

19. The Filer has also retained TD Securities Inc. to act as financial advisor to the Special Committee in evaluating the Proposed Transaction and TD Securities Inc. has delivered, in written form, a formal fairness opinion that, based upon and subject to the assumptions, limitations and other considerations set forth therein and such other matters considered relevant by TD Securities Inc., the Purchase Price to be paid to Slate GTA (or one of its affiliates) pursuant to the Proposed Transaction is fair, from a financial point of view, to the Filer.

20. Subsection 6.3(1)(d) of MI 61-101 states that an issuer required to obtain a formal valuation shall provide the valuation in respect of the non-cash assets involved in a related party transaction, which would include the Consideration Exchangeable LP Units.

21. Section 6.3(2)(a) of MI 61-101 provides an exemption (the "**Valuation Exemption**") from the Non-Cash Valuation Requirement where, among others:

    (a) the non-cash consideration or assets are securities of a reporting issuer or are securities of a class for which there is a published market;

    (b) the person that would otherwise be required to obtain the formal valuation of those securities states in the disclosure document for the transaction that the person has no knowledge of any material information concerning the issuer of the securities, or concerning the securities, that has not been generally disclosed; and

    (c) in the case of a related party transaction for the issuer of the securities, the conditions in subparagraphs (c)(i) and (ii) of section 5.5 of MI 61-101 are satisfied, regardless of the form of the consideration for the securities.

22. The Trust Units and Special Voting Units to be issued to Slate GTA (or its affiliates) as part of the Purchase Price in connection with the Proposed Transaction (collectively, the "**Consideration Filer Units**") are securities of a reporting issuer as required under subsection 6.3(2)(a) of MI 61-101.

23. Although the Consideration Exchangeable LP Units will not be securities of a reporting issuer or securities of a class for which there is a published market, the Consideration Exchangeable LP Units are, and shall be, in all material respects, economically equivalent to Trust Units on a per unit basis as:

(a) each Consideration Exchangeable LP Unit is, and shall be, exchangeable on a one-for-one basis for a Trust Unit of the Filer (subject to customary anti-dilution adjustments) at any time at the option of the holder thereof as well as automatically exchanged into Trust Units (subject to customary anti-dilution adjustments) on a one-for-one basis in certain circumstances in connection with a take-over bid for the Trust Units, the transfer of all of substantially all of the Filer's assets and other similar transactions;

(b) distributions to be made on the Consideration Exchangeable LP Units are, and shall be, equal to the distributions that the holder of the Consideration Exchangeable LP Units would have received if it was holding Trust Units that may be obtained upon the exchange of such Consideration Exchangeable LP Units; and

(c) each Consideration Exchangeable LP Unit is, and shall be, accompanied by a Special Voting Unit, that entitles the holder thereof to receive notice of, attend and to vote together with the holders of Trust Units at all meetings of Unitholders.

24. The Class B LP Units are not transferable except pursuant to an exchange of Class B Units for Trust Units in accordance with the terms of the Exchange Agreement and the limited partnership agreement of FAM LP requires Huntingdon to not take any action that would result in the Class B LP Units being held by a non-resident. The Class B Units are neither exchangeable for securities other than Trust Units nor redeemable for cash. Any Consideration Exchangeable LP Units will contain identical restrictions to those on the Class B LP Units (other than differences that are administrative or clerical in nature).

25. The Consideration Exchangeable LP Units represent, and shall represent, part of the equity value of the Filer and, moreover, the economic interests that underlie the Consideration Exchangeable LP Units are, and shall be, based solely upon the assets and operations held directly or indirectly by the operating entities of the Filer as a whole.

26. The Consideration Exchangeable LP Units are not, and shall not be, listed and posted for trading on the Toronto Stock Exchange or any other stock exchange.

27. Any additional rights (as compared to the Trust Units) attached to the Consideration Exchangeable LP Units arise by virtue of the Consideration Exchangeable LP Units being limited partnership units and would be no greater than customary rights associated with limited partnership units. Other than the rights described above, the Consideration Exchangeable LP Units would carry no other rights that would impact their value and Slate GTA does not, as a result of acquiring the Consideration LP Units rather than Trust Units in connection with the Proposed Transaction gain any additional or unique rights that it would not otherwise have.

28. Other than in respect of matters affecting the rights, benefits or entitlements of the holders of Consideration Exchangeable LP Units or as required by law, a holder of Consideration Exchangeable LP Units does not, and shall not, have the right to exercise any votes in respect of matters to be decided by the partners of the applicable Partnership and Consideration Exchangeable LP Units do not provide the holder thereof with an interest in any specific asset or property of the applicable Partnership.

29. Absent the Relief, the Non-Cash Valuation Requirement would require the Filer to have a formal valuation prepared in respect of the Consideration Exchangeable LP Units. Any such formal valuation would, in all material respects, mirror a formal valuation of the Trust Units, including Trust Units to be issued to Slate GTA pursuant to the Proposed Transaction (in respect of which the Filer is entitled to rely upon the Valuation Exemption). As a result, the Filer would be subject to a requirement that would be not be consistent with the logic underlying the exemption of securities of a reporting issuer or for which there is a published market from the requirement to obtain a formal valuation (i.e. the Valuation Exemption).

Decision

The principal regulator is satisfied that the decision meets the test set out in MI 61-101 for the principal regulator to make the decision.

The decision of the principal regulator is that the Relief is granted, provided that:

(a) pursuant to subsection 6.3(2) of MI 61-101, a formal valuation of the Consideration Filer Units is not required;

(b) the terms of the Consideration Exchangeable LP Units, including the terms of the New Partnership Agreement and the Amended Exchange Agreement, are identical to those of the Class B LP Units and the Partnership Agreement (other than differences relating to the name, formation and capitalization amounts of the New Partnership, or which are administrative or clerical in nature);

(c) neither the Filer nor, to the knowledge of the Filer after reasonable inquiry, Slate GTA (or any of its affiliates) has knowledge of any material information concerning the Filer, the New Partnership (if applicable) or their respective securities that has not been generally disclosed, and

(d) the information circular for the Unitholder Meeting includes the disclosure required under MI 61-101 with respect to the Proposed Transaction and otherwise complies with the requirements of applicable securities law, and includes:

(i) a statement that neither the Filer nor, to the knowledge of the Filer after reasonable inquiry, Slate GTA (or any of its affiliates) has knowledge of any material information concerning the Filer, New Partnership (if applicable) or their securities that has not been generally disclosed; and

(ii) a description of the effect of the Proposed Transaction on the direct or indirect voting interest in the Filer of Slate GTA and its affiliates.

"Naizam Kanji"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.4 CI Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Existing and future mutual funds managed by the Filer granted relief from paragraphs 15.3(4)(c) and (f) of NI 81-102 Investment Funds to permit references to Lipper Leader ratings and Lipper Awards in sales communications – Relief subject to conditions requiring specified disclosure and the requirement that the Lipper Awards being referenced not have been awarded more than 365 days before the date of the sales communication.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss.15.3(4)(c) and (f), 19.1.

November 27, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CI INVESTMENTS INC.

DECISION

Background

The principal regulator in the Jurisdiction has received an application from CI Investments Inc. (the **Filer**) on behalf of existing mutual funds and future mutual funds of which the Filer is or becomes the investment fund manager (or of which an affiliate of the Filer becomes the investment fund manager) and to which National Instrument 81-102 *Investment Funds* (**NI 81-102**) applies (each a **Fund** and collectively, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption under section 19.1 of NI 81-102 from the requirements set out in sections 15.3(4)(c) and 15.3(4)(f) of NI 81-102, which provide that a sales communication must not refer to a performance rating or ranking of a mutual fund or asset allocation service unless:

(i) the rating or ranking is provided for each period for which standard performance data is required to be given, except the period since the inception of the mutual fund

(ii) the rating or ranking is to the same calendar month end that is:

  (a) not more than 45 days before the date of the appearance or use of the advertisement in which it is included, and

  (b) not more than three months before the date of first publication of any other sales communication in which it is included

(together, the **Exemption Sought**), to permit the Lipper Awards and Lipper Leader ratings to be referenced in sales communications relating to the Funds.

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

(a) the Ontario 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 each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 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 the investment fund manager of the Funds and is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador. The head office of the Filer is located in Toronto, Ontario.

2. Each of the Funds is, or will be, an open-ended mutual fund established under the laws of Canada or a jurisdiction of Canada. Securities of each of the Funds are, or will be, qualified for distribution pursuant to a prospectus that has been, or will be, prepared and filed in accordance with the securities legislation of each applicable jurisdiction. Each of the Funds is, or will be, a reporting issuer in one or more of the Jurisdictions. Each of the Funds is or will be subject to NI 81-102, including Part 15 of NI 81-102, which governs sales communications.

3. The Filer and the Funds are not in default of the securities legislation in any of the Jurisdictions.

4. The Filer wishes to include in sales communications of the Funds references to Lipper Leader ratings and Lipper Awards (where such Funds have been awarded a Lipper Award).

5. Lipper, Inc. (**Lipper**) is a company that is not a member of the organization of the Funds. Lipper is part of the Thomson Reuters group of companies, and is a global leader in supplying mutual fund information, analytical tools, and commentary. Lipper's fund data and analysis, fund awards designations and ratings information provide valuable insight to advisors, media and individual investors.

6. One of Lipper’s programs is the Lipper awards program. This program recognizes funds that have excelled in delivering consistently strong risk-adjusted performance relative to peers and also recognizes fund families with high average scores for all funds within a particular asset class or overall. Currently, the Lipper awards take place in approximately 13 countries.

7. In Canada, the Lipper Awards include the Lipper Fund Awards and Lipper ETF Awards (which were awarded for the first time in Canada in 2014). For the Lipper Fund Awards, Lipper designates award-winning funds in most individual fund classifications for three, five and ten year periods. For the Lipper ETF Awards, Lipper designates award-winning funds in a number of individual fund classifications for the three year period, and it is expected that awards for the five and ten year periods will be given in the future.

8. The categories for fund classification used by Lipper for the Lipper Awards in respect of Canadian funds are those maintained by the Canadian Investment Funds Standards Committee (**CIFSC**) (or a successor to the CIFSC), a Canadian organization that is independent of Lipper. Only those CIFSC groups of ten or more unique funds will claim a Lipper Fund Award, and only those CIFSC groups of five or more unique ETFs (each of whom have a minimum of three years of performance history) will claim a Lipper ETF Award.

9. The Lipper Awards are based on a proprietary rating methodology prepared by Lipper, the Lipper Leader Rating System. The Lipper Leader Rating System is a toolkit that uses investor-centred criteria to deliver a simple, clear description of a fund's success in meeting certain goals, such as preserving capital, lowering expenses or building wealth. Lipper ratings provide an instant measure of a fund’s success against a specific set of key metrics, and can be useful to investors in identifying funds that meet particular characteristics.

10. In Canada, the Lipper Leader Rating System includes Lipper Leader ratings for Consistent Return (reflecting funds’ historical risk-adjusted returns relative to funds in the same classification), for Total Return (reflecting funds’ historical total return performance relative to funds in the same classification) and for Preservation (reflecting funds’ historical loss avoidance relative to other funds in the same classification). In each case, the categories for fund classification used by Lipper for the Lipper Leader ratings are those maintained by CIFSC (or a successor to the CIFSC). Lipper Leader ratings are measured monthly over 36, 60 and 120 month periods, and an overall rating is also measured, which is an un-weighted average of the previous three periods. The highest 20% of funds in each category are named

Lipper Leaders for that particular rating and receive a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1.

11. The Lipper Awards, awarded annually in Canada, are based on the Lipper Ratings for Consistent Return measure, which, as generally described above, is a risk-adjusted mutual fund return performance measure used by Lipper that takes into account both short- and long-term risk-adjusted performance relative to fund classification, together with a measure of a fund's consistency. In respect of the Lipper Awards for Canada, the Lipper Ratings for Consistent Return are measured over the 36, 60 and 120 month periods ending at the end of July of each year. As noted above, the highest 20% of funds in each classification are named Lipper Leaders for Consistent Return, and the highest Lipper Leader for Consistent Return in each applicable fund classification over these periods (currently, in the case of the Lipper ETF Awards, over the 36 month period only) wins a Lipper Award.

12. When a fund is awarded a Lipper Award, Lipper permits references to the award to be made in sales communications for the fund.

13. The Lipper Leader ratings are performance ratings or rankings under NI 81-102 and Lipper Awards may be considered to be performance ratings or rankings under NI 81-102 given that the awards are based on the Lipper Leader ratings as described above. Therefore, references to Lipper Leader ratings and Lipper Awards in sales communications relating to the Funds need to meet the applicable requirements in Part 15 of NI 81-102.

14. Section 15.3(4)(c) of NI 81-102 imposes a "matching" requirement for performance ratings or rankings that are included in sales communications for funds. If a performance rating or ranking is referred to in a sales communication, the performance rating or ranking must be provided for, or "match", each period for which standard performance data is required to be given for the fund except the period since the inception of the fund (i.e., for one, three, five and ten year periods, as applicable).

15. In Canada and elsewhere, Lipper Leader ratings are calculated only for 36, 60 and 120 month periods and are not calculated for a one year period. This means that a sales communication referencing a Lipper Leader rating cannot comply with the "matching" requirement contained in section 15.3(4)(c) of NI 81-102 because a rating is not available for the one year period. Relief from section 15.3(4)(c) of NI 81-102 is therefore required in order for Funds to reference Lipper Leader ratings in sales communications.

16. In addition, a sales communication referencing the overall Lipper Leader ratings and the Lipper Awards, which are based on the Lipper Leader ratings, must disclose the corresponding Lipper Leader rating for each period for which standard performance data is required to be given. As noted above, because a rating for the one year period is not available for the Lipper Leader ratings, sales communications referencing the overall Lipper Leader ratings or Lipper Awards also cannot comply with the matching requirement contained in section 15.3(4)(c) of NI 81-102.

17. The exemption in section 15.3(4.1) of NI 81-102 for references to overall ratings or rankings of funds cannot be relied upon to reference the overall Lipper Leader ratings or Lipper Awards in sales communications for the Funds because section 15.3(4.1) is available only if a sales communication "otherwise complies" with the requirements of section 15.3(4). As noted above, sales communications referencing the overall Lipper Leader ratings or Lipper Awards cannot comply with the matching requirement in section 15.3(4) because the underlying Lipper Leader ratings are not available for the one year period, rendering the exemption in section 15.3(4.1) unavailable. Relief from section 15.3(4)(c) is therefore required in order for Funds to reference overall Lipper Leader ratings and the Lipper Awards in sales communications.

18. Section 15.3(4)(f) of NI 81-102 imposes certain restrictions on disclosure in sales communications. The section provides that in order for a rating or ranking such as a Lipper Award to be used in an advertisement, the advertisement must be published within 45 days of the calendar month end to which the rating or ranking applies. Further, in order for the rating or ranking to be used in any other sales communication, the rating or ranking must be published within three months of the calendar month end to which the rating or ranking applies.

19. Because the evaluation of funds for the Lipper Awards will be based on data aggregated until the end of July in any given year and the results will be published in November of that year, by the time a Fund receives an award in November, section 15.3(4)(f) of NI 81-102 will prohibit it from publishing news of the award altogether.

20. The Exemption Sought is required in order for Lipper Leader ratings and Lipper Awards to be referenced in sales communications relating to the Funds.

21. The Filer submits that the Lipper Awards provide an important tool for investors, as they provide investors with context when evaluating investment choices. The Filer submits that the nature of the Lipper Leader ratings and Lipper Awards alleviates any concern that references to the ratings and awards may be misleading and therefore contrary to section

15.2(1)(a) of NI 81-102. The Lipper Leader Rating System underlying the Lipper Leader ratings and Lipper Awards ensures an objective, transparent and quantitative measure of performance that is based on the expertise of Lipper in fund analysis.

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 to permit the Lipper Awards and Lipper Leader ratings to be referenced in sales communications relating to a Fund provided that:

1. the sales communication that refers to the Lipper Award and Lipper Leader ratings complies with Part 15 of NI 81-102 other than as set out herein and contains the following disclosure in at least 10 point type:

   (a) the name of the category for which the Fund has received the award or rating;

   (b) the number of mutual funds in the category for the applicable period;

   (c) the name of the ranking entity, i.e., Lipper;

   (d) the length of period and the ending date, or, the first day of the period and the ending date on which the Lipper Award or Lipper Leader rating is based;

   (e) a statement that Lipper Leader ratings are subject to change every month;

   (f) in the case of a Lipper Award, a brief overview of the Lipper Awards;

   (g) in the case of a Lipper Leader rating (other than Lipper Leader ratings referenced in connection with a Lipper Award), a brief overview of the Lipper Leader rating;

   (h) where Lipper Awards are referenced, the corresponding Lipper Leader rating that the Lipper Award is derived from is presented for each period for which standard performance data is required other than the one year and since inception periods;

   (i) where a Lipper Leader rating is referenced, the Lipper Leader ratings are presented for each period for which standard performance data is required other than the one year and since inception periods;

   (j) disclosure of the meaning of the Lipper Leader ratings from 1 to 5 (e.g., ranking of 5 indicates a fund is in the top 20% of its category);

   (k) reference to Lipper's website (www.lipperweb.com) for greater detail on the Lipper Awards and Lipper Leader ratings;

2. the Lipper Awards being referenced must not have been awarded more than 365 days before the date of the sales communication; and

3. the Lipper Awards and Lipper Leader ratings being referenced are calculated based on comparisons of performance of investment funds within a specified category established by the CIFSC (or a successor to the CIFSC).

"Raymond Chan"
Manager, Investment Funds and Structured Products
Ontario Securities Commission

2.2 Orders

2.2.1 Canadian Pacific Railway Limited – s. 104(2)(c)

Headnote

Subsection 104(2)(c) of the Act – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 1,210,163 of its common shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and has not, for a minimum of 30 days prior to the date of the application seeking the requested relief, purchased common shares of the Issuer in anticipation or contemplation of a sale of common shares to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or public shareholders – proposed purchases exempt from the issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer will not make any proposed purchase unless it has first obtained written confirmation that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
CANADIAN PACIFIC RAILWAY LIMITED

ORDER
(Clause 104(2)(c))

UPON the application (the "**Application**") of Canadian Pacific Railway Limited (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order under clause 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and 97 to 98.7, inclusive, of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchases by the Issuer of up to 1,210,163 common shares in the capital of the Issuer (collectively, the "**Subject Shares**") in one or more trades from Canadian Imperial Bank of Commerce (the "**Selling Shareholder**");

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 16, 27 and 28 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation incorporated under the *Canada Business Corporations Act*.

2. The registered, executive and head office of the Issuer is located at 7550 Ogden Dale Road S.E., Calgary, Alberta, T2C 4X9.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the common shares of the Issuer (the "**Common Shares**") are listed for trading on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**") under the symbol "CP". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The Issuer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, of which 170,089,858 Common Shares and no First Preferred Shares or Second Preferred Shares were issued and outstanding as of October 31, 2014.

5. The Selling Shareholder has its corporate headquarters in Toronto, Ontario.

6. The Selling Shareholder does not, directly or indirectly, own more than 5% of the issued and outstanding Common Shares, is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act.

7. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*.

8. The Selling Shareholder is the beneficial owner of at least 1,210,163 Common Shares. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.

9. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after October 7, 2014, being the date that was 30 days

prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares to the Issuer.

10. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Common Shares. The Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases (as defined below) between the date of this Order and the date on which a Proposed Purchase is to be completed.

11. On March 11, 2014, the Issuer announced a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase up to 5,270,374 Common Shares during the period from March 17, 2014 to March 16, 2015 pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" (the "**Original Notice**") submitted to, and accepted by, the TSX.

12. On September 29, 2014, the Issuer announced that the TSX accepted an amendment to the Original Notice (the "**Amendment**" and together with the Original Notice, the "**Notice**") effective October 2, 2014 to increase the maximum number of Common Shares that may be purchased for cancellation under the Normal Course Issuer Bid from 5,270,374 Common Shares, being approximately 3.00% of the Common Shares issued and outstanding, to 12,650,862 Common Shares, representing approximately 8.00% of the Issuer's "public float", each as at March 4, 2014 (being the reference date specified in the Original Notice).

13. In accordance with the Notice, purchases under the Normal Course Issuer Bid may be conducted through the facilities of the TSX, the NYSE or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or the NYSE in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX Rules**"), including private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an "**Off-Exchange Block Purchase**").

14. The Commission granted the Issuer two orders, one on March 28, 2014 (the "**March 2014 Order**") and the other on June 10, 2014 (the "**June 2014 Order**") pursuant to clause 104(2)(c) of the Act exempting the Issuer from the Issuer Bid Requirements in connection with Off-Exchange Block Purchases by the Issuer of up to 1,300,000 Common Shares and 456,791 Common Shares, respectively, in one or more trades from arm's length selling shareholders. As at October 31, 2014, the Issuer has acquired an aggregate of 6,390,374 Common Shares pursuant to the Normal Course Issuer Bid, including 1,300,000 Common Shares under the March 2014 Order and 456,791 Common Shares under the June 2014 Order.

15. The Issuer implemented an automatic repurchase plan (the "**ARP**") on October 1, 2014 to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in its Common Shares during regularly scheduled quarterly blackout periods. The ARP was approved by the TSX, and complies with the TSX Rules, applicable securities laws and this Order, and contains provisions restricting the Issuer from conducting a Block Purchase (as defined below) in accordance with the TSX Rules during the calendar week in which the Issuer completes a Proposed Purchase. Under the terms of the ARP, at times when the Issuer is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker to make purchases under the Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases under the ARP will be determined by the designated broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with the TSX Rules, applicable securities laws and the terms of the agreement between the designated broker and the Issuer. No Subject Shares will be acquired under the ARP or otherwise during any of the Issuer's blackout periods.

16. The Issuer intends to enter into one or more agreements of purchase and sale with the Selling Shareholder (each an "**Agreement**"), pursuant to which the Issuer will agree to purchase Subject Shares from the Selling Shareholder by way of one or more purchases, each occurring by March 16, 2015 (each such purchase, a "**Proposed Purchase**") for a purchase price that will be negotiated at arm's length between the Issuer and the Selling Shareholder (each such price, a "**Purchase Price**" in respect of such Proposed Purchase). The Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase.

17. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX Rules.

18. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act, to which the applicable Issuer Bid Requirements would apply.

19. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

20. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of each such Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares on the TSX as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in clause 629(l)7 of the TSX Rules and the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

21. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

22. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

23. Management of the Issuer is of the view that through the Proposed Purchase(s), the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and management of the Issuer is of the view that this is an appropriate use of the Issuer's funds.

24. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

25. To the best of the Issuer's knowledge, as of October 31, 2014, the "public float" for the Common Shares represented approximately 92% of all issued and outstanding Common Shares for purposes of the TSX Rules.

26. The Common Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.

27. Other than the Purchase Price, no fee or other consideration will be paid in connection with the Proposed Purchases.

28. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Selling Shareholder's trading groups, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

29. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to 4,216,954 Common Shares as of the date of this Order.

30. The Issuer has made an application to the Commission for exemptive relief from the Issuer Bid Requirements in connection with the proposed acquisition by the Issuer of up to 1,250,000 Common Shares from another holder of Common Shares pursuant to Off-Exchange Block Purchases (the "**Concurrent Application**").

31. Assuming completion of the purchase of the maximum number of Subject Shares, being 1,210,163 Subject Shares, and the maximum number of Common Shares which are the subject of the Concurrent Application, being 1,250,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 4,216,954 Common Shares pursuant to Off-Exchange Block Purchases, representing one-third of the maximum of 12,650,862 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

AND UPON the Commission being satisfied to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when

calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX Rules;

(b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX Rules, or another Off-Exchange Block Purchase, during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to its Normal Course Issuer Bid in accordance with the Notice and the TSX Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, including under automatic trading plans and, subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Selling Shareholder's trading groups, nor any personnel of the Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) following the completion of each such purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Common Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 4,216,954 Common Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing that between the date of this Order and the date on which such Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares.

DATED at Toronto, Ontario this 25th day of November, 2014.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Christopher Portner"
Commissioner
Ontario Securities Commission

2.2.2 799698 Canada Inc. et al. – ss. 127(1), 127(5)

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
7997698 CANADA INC., carrying on business as
INTERNATIONAL LEGAL AND ACCOUNTING
SERVICES INC. and WORLD INCUBATION CENTRE,
JOHN LEE also known as CHIN LEE, and
MARY HUANG also known as
NING-SHENG HUANG**

**TEMPORARY ORDER
(Subsections 127(1) and 127(5))**

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

1. 7997698 Canada Inc., carrying on business as International Legal and Accounting Services Inc. and World Incubation Centre ("7997698"), is a Canadian corporation with a business address in Ontario;

2. John Lee also known as Chin Lee ("Lee") is an Ontario resident and a director of 7997698;

3. Mary Huang also known as Ning-Sheng Huang ("Huang") is an Ontario resident, the spouse of Lee, and is a director of 7997698;

4. 7997698, Lee, and Huang (collectively, the "Respondents") may have engaged in or held themselves out as engaging in the business of trading in securities without being registered in accordance with Ontario securities law and without an exemption from the registration requirement contrary to subsection 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") and National Instrument 31-103 – *Registration Requirements, Exemptions, and Ongoing Registration Obligations*;

5. None of the Respondents are registered in accordance with Ontario securities law as a dealer or are exempt under Ontario securities law from the requirement to comply with subsection 25(1) of the Act;

6. The Respondents may have traded securities that were a distribution without a prospectus having been filed with the Director and without the exemption from the prospectus requirement contrary to subsection 53(1) of the Act;

7. 7997698is not a reporting issuer. No prospectus receipt has been issued with respect to 7997698;

8. Lee and Huang may have authorized, permitted or acquiesced in the noncompliance with the Act by 7997698 contrary to section 129.2 of the Act;

9. Staff is continuing to investigate the conduct described above;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

AND WHEREAS by Authorization Order made October 21, 2014, pursuant to subsection 3.5(3) of the Act, any one of Howard I. Wetston, James E. A. Turner, Monica Kowal, James D. Carnwath, Mary G. Condon, Edward P. Kerwin, Alan J. Lenczner, and Christopher Portner, acting alone, is authorized to make orders under section 127 of the Act;

IT IS ORDERED, pursuant to clause 2 of subsection 127(1) of the Act, that:

(a) all trading in any securities by 7997698 shall cease;

(b) all trading in any securities by Lee shall cease; and

(c) all trading in any securities by Huang shall cease.

IT IS FURTHER ORDERED that pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to any of the Respondents; and

IT IS FURTHER ORDERED that pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by Order of the Commission.

DATED at Toronto this 21st day of November, 2014.

"Howard I. Wetston"

2.2.3 Patrick Myles Lough et al. – ss. 127(1), 127(10)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PATRICK MYLES LOUGH, LYNDA DAWN DAVIDSON
and WAYNE THOMAS ARNOLD BARNES

ORDER
(Subsections 127(1) and 127(10))

WHEREAS on July 25, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Patrick Myles Lough ("Lough"), Lynda Dawn Davidson ("Davidson") and Wayne Thomas Arnold Barnes ("Barnes") (collectively, the "Respondents");

AND WHEREAS on the same date, Staff of the Commission ("Staff") filed a Statement of Allegations in this matter;

AND WHEREAS on January 31, 2014, the Respondents entered into a settlement agreement (the "Settlement Agreement") with the Alberta Securities Commission (the "ASC");

AND WHEREAS the Respondents are subject to sanctions, conditions, restrictions or requirements pursuant to the Settlement Agreement, within the meaning of paragraph 5 of subsection 127(10) of the Act;

AND WHEREAS on August 18, 2014, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS the Respondents did not appear and did not file any materials;

AND WHEREAS based on my reasons dated the date of this Order, I find that it is in the public interest to issue this order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Lough cease until January 31, 2018, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan (such an account or plan is referred to as a "Personal Account or Plan") for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort development project referred to in the Settlement Agreement (the "Dorchester Project");

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Lough cease until January 31, 2018, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Project;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities law do not apply to Lough until January 31, 2018;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Lough resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Project;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Lough be prohibited until January 31, 2018 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Project;

(f) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Davidson cease until January 31, 2017, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Project;

(g) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Davidson cease until

January 31, 2017, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Project;

(h) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities law do not apply to Davidson until January 31, 2017;

(i) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Davidson resign any positions that she holds as director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Project;

(j) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Davidson be prohibited until January 31, 2017 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Project;

(k) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children;

(l) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children; and

(m) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Barnes until January 31, 2018.

DATED at Toronto this 27th day of November, 2014.

"James E. A. Turner"

2.2.4 Kris Sundell – ss. 127(1), 127(10)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KRIS SUNDELL

ORDER
(Subsections 127(1) and 127(10))

WHEREAS on July 21, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Kris Sundell (the "Respondent" or "Sundell");

AND WHEREAS Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on the same date;

AND WHEREAS on February 20, 2014, Sundell entered into a settlement agreement (the "Settlement Agreement") with the Alberta Securities Commission (the "ASC");

AND WHEREAS the Respondent is subject to sanctions, conditions, restrictions or requirements imposed upon him pursuant to the Settlement Agreement;

AND WHEREAS on August 18, 2014, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS Sundell did not appear and did not file any materials;

AND WHEREAS based on my reasons dated the date of this Order, I find that it is in the public interest to issue this Order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Sundell cease until February 20, 2019; and

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sundell cease until February 20, 2019.

DATED at Toronto this 27th day of November, 2014.

"James E. A. Turner"

2.2.5 Paul Yoannou – ss. 127(1), 127(10)

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
PAUL YOANNOU**

**ORDER
(Subsections 127(1) and 127(10))**

WHEREAS on July 3, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Paul Yoannou ("Yoannou" or the "Respondent");

AND WHEREAS Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on the same date;

AND WHEREAS on February 1, 2013, Yoannou pleaded guilty in the Ontario Court of Justice to 15 counts of fraud over $5,000;

AND WHEREAS on February 28, 2013, Yoannou was sentenced by the Ontario Court of Justice to a term of imprisonment of six years and was ordered to pay restitution of $6.6 million;

AND WHEREAS on August 18, 2014, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS the Respondent did not appear and did not file any materials;

AND WHEREAS I issued written reasons for issuing this Order on the date hereof;

AND WHEREAS I find that it is in the public interest to issue this Order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Yoannou cease permanently;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any

securities by Yoannou be prohibited permanently;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Yoannou permanently;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Yoannou resign any positions that he holds as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager; and

(f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter.

DATED at Toronto this 27th day of November, 2014.

"James E. A. Turner"

2.2.6 A25 Gold Producers Corp. et al.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
A25 GOLD PRODUCERS CORP., DAVID AMAR,
JAMES STUART ADAMS and AVI AMAR

ORDER

WHEREAS on December 19, 2013, the Ontario Securities Commission ("the Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c.S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on December 18, 2013 with respect to A25 Gold Producers Corp., David Amar, James Stuart Adams, and Avi Amar (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for January 16, 2014;

AND WHEREAS on January 16, 2014, the Commission ordered that a pre-hearing conference take place on February 28, 2014 at 9:00 a.m.;

AND WHEREAS on February 28, 2014, the Commission ordered:

(a) a pre-hearing conference shall take place on April 1, 2014 at 9:00 a.m.; and

(b) the hearing on the merits in this matter shall commence on October 20, 2014 at 10:00 a.m. and shall continue on October 22, 23, and 24, 2014;

AND WHEREAS on April 1, 2014, the Commission ordered:

(a) the hearing dates of October 20, 22, 23, and 24, 2014 be vacated;

(b) Staff shall provide Staff's hearing brief, will-say statements and witness list to the Respondents by July 11, 2014;

(c) The Respondents shall provide their hearing briefs, will-say statements and witness lists to Staff by September 11, 2014;

(d) a pre-hearing conference shall take place on October 20, 2014 at 10:00 a.m.; and

(e) the hearing on the merits in this matter shall commence on November 17, 2014 at 10:00 a.m. and shall continue on

November 19, 20, 21, 24, 25, 26, 27, and 28, 2014;

AND WHEREAS on September 24, 2014, Staff and the agent for counsel to the Respondents appeared for a pre-hearing conference before the Commission and the agent for counsel to the Respondents brought a motion to adjourn the hearing;

AND WHEREAS on September 24, 2014, the Commission ordered:

(a) the pre-hearing conference date of October 20, 2014 be vacated;

(b) the hearing dates of November 17, 19, 20, 21, 24, 25, 26, 27, and 28, 2014 be vacated;

(c) The Respondents shall provide their hearing briefs, will-say statements and witness lists to Staff by November 14, 2014; and

(d) the hearing on the merits in this matter shall commence on January 19, 2015 at 10:00 a.m. and shall continue on January 20, 21, 22, 23, 26, 28, 29 and 30, 2015;

AND WHEREAS on November 27, 2014, Staff and the agent for counsel to the Respondents appeared for a pre-hearing conference before the Commission and the agent for counsel to the Respondents brought a motion to adjourn the hearing;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED that:

(a) the hearing dates of January 19, 20, 21, 22, 23, 26, 28, 29 and 30, 2015 be vacated;

(b) The Respondents shall provide their hearing briefs, will-say statements and witness lists to Staff by January 15, 2015; and

(c) the hearing on the merits in this matter shall commence on February 25, 2015 at 10:00 a.m., on a peremptory basis with respect to the Respondents, and shall continue on February 26, 27, March 5, 6, 9, 10, 11, 12, and 13, 2015.

DATED at Toronto this 27th day of November, 2014.

"James E. A. Turner"

2.2.7 Onex Corporation – s. 104(2)(c)

Headnote

Subsection 104(2)(c) of the Act – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 310,000 of its subordinate voting shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and has not, for a minimum of 30 days prior to the date of the application seeking the requested relief, purchased subordinate voting shares of the Issuer in anticipation or contemplation of resale to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or public shareholders – proposed purchases exempt from the issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer will not make any proposed purchase unless it has first obtained written confirmation that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
ONEX CORPORATION

ORDER
(Clause 104(2)(c))

UPON the application (the "**Application**") of Onex Corporation (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and sections 97 to 98.7, inclusive, of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchases by the Issuer of up to 310,000 subordinate voting shares of the Issuer (collectively, the

"**Subject Shares**") in one or more tranches, from Canadian Imperial Bank of Commerce (the "**Selling Shareholder**");

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).

2. The registered and head office of the Issuer is located at 49th Floor, 161 Bay Street, Toronto, Ontario, M5J 2S1.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and its subordinate voting shares (the "**Subordinate Voting Shares**") are listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "OCX". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized share capital of the Issuer consists of 100,000 multiple voting shares (the "**Multiple Voting Shares**") of which 100,000 are issued and outstanding as of October 29, 2014, an unlimited number of Subordinate Voting Shares of which 109,430,092 are issued and outstanding as of October 29, 2014, an unlimited number of junior preferred shares (the "**Junior Preferred Shares**") and an unlimited number of senior preferred shares (the "**Senior Preferred Shares**"). As of October 29, 2014, no Junior Preferred Shares or Senior Preferred Shares are issued or outstanding.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario. The trades contemplated by this Application will be executed and settled in the Province of Ontario.

6. The Selling Shareholder does not, directly or indirectly, own more than 5% of the issued and outstanding Subordinate Voting Shares.

7. The Selling Shareholder is the beneficial owner of at least 310,000 Subordinate Voting Shares. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.

8. No Subordinate Voting Shares were purchased by, or on behalf of, the Selling Shareholder on or after October 7, 2014, being the date that was 30 days prior to the date of the Application of the Issuer seeking this Order, in anticipation or contemplation of a resale of Subordinate Voting Shares to the Issuer.

9. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Subordinate Voting Shares. The Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Subordinate Voting Shares to re-establish its holdings of Subordinate Voting Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases (as defined below) between the date of this Order and the date on which a Proposed Purchase is to be completed.

10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

11. Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid (the "**Original Notice**") accepted by the TSX effective April 14, 2014, the Issuer was permitted to make a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase up to 8,620,038 Subordinate Voting Shares, representing approximately 10% of the Issuer's public float of Subordinate Voting Shares. On April 22, 2014, the Issuer announced that the TSX accepted an amendment to the Original Notice (the "**First Amendment**") effective April 22, 2014 in order to permit the Issuer to acquire Subordinate Voting Shares through the facilities of the TSX as well as through alternative trading systems. On November 14, 2014, the Issuer announced that the TSX accepted a further amendment (the "**Second Amendment**" together with the Original Notice and the First Amendment, the "**Notice**") effective November 17, 2014. In accordance with the Notice, purchases under the Normal Course Issuer Bid are conducted through the facilities of the TSX, through alternative trading systems or by such other means as may be permitted by the TSX, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including private agreements under an issuer bid exemption order issued by a securities regulatory authority (each, an "**Off-Exchange Block Purchase**").

12. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**"), pursuant to which the Issuer will agree to acquire some or all of the Subject Shares from the Selling Shareholder in one or more tranches, such tranches to occur not more than once per calendar

week, each to occur prior to April 15, 2015 (each such purchase, a "**Proposed Purchase**") for a purchase price (each such price, a "Purchase Price" in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price, in each case, will be at a discount to the prevailing market price and below the bid-ask price for the Subordinate Voting Shares on the TSX at the time of each Proposed Purchase.

13. The Subject Shares acquired under each Proposed Purchase will constitute a "block", as that term is defined in section 628 of the TSX NCIB Rules.

14. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act, to which the Issuer Bid Requirements would apply.

15. Because the Purchase Price, in each case, will be at a discount to the prevailing market price and below the bid-ask price for the Subordinate Voting Shares on the TSX at the time of each Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

16. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Subordinate Voting Shares on the TSX, at the time of each Proposed Purchase, the Issuer could otherwise acquire the Subject Shares through the facilities of the TSX as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in section 629(l)(7) of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

17. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

18. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

19. Management of the Issuer is of the view that: (a) the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase Subordinate Voting Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements available pursuant to subsection 101.2(1) of the Act; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

20. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Subordinate Voting Shares in the open market at the then prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

21. To the best of the Issuer's knowledge, as of October 29, 2014, the "public float" for the Issuer's Subordinate Voting Shares represented approximately 77.42% of all issued and outstanding Subordinate Voting Shares for purposes of the TSX NCIB Rules.

22. The Subordinate Voting Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.

23. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.

24. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the trading group of the Selling Shareholder, nor any personnel of, the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

25. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Subordinate Voting Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 2,873,346 Subordinate Voting Shares as of the date of this Order.

AND UPON the Commission being satisfied to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid

Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX NCIB Rules or an Off-Exchange Block Purchase during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Subordinate Voting Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Subordinate Voting Shares pursuant to the Issuer's Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by other means as may be permitted by the TSX and, subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the trading group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and where such Proposed Purchases are made in tranches, in advance of the first tranche purchased from the Selling Shareholder, and (ii) that information regarding each Proposed Purchase, including the number of Subordinate Voting Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval ("SEDAR") following the completion of each Proposed Purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subordinate Voting Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Subordinate Voting Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 2,873,346 Subordinate Voting Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing that between the date of this Order and the date on which such Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Subordinate Voting Shares on the facilities of the TSX or any other published market.

DATED at Toronto this 27th day of November, 2014.

"Mary G. Condon"
Commissioner
Ontario Securities Commission

"Judith R. Robertson"
Commissioner
Ontario Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Paul Azeff et al. – Rule 3 of the OSC Rules of Procedure

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PAUL AZEFF, KORIN BOBROW, MITCHELL FINKELSTEIN,
HOWARD JEFFREY MILLER AND MAN KIN CHENG (a.k.a. FRANCIS CHENG)

REASONS AND DECISION REGARDING NON-SUIT MOTIONS
(Rule 3 of the Commission's Rules of Procedure (2014), 37 O.S.C.B. 4168)

Hearing:	October 30, 2014		
Decision:	November 25, 2014		
Panel:	Alan J. Lenczner	–	Commissioner and Chair of the Panel
	AnneMarie Ryan	–	Commissioner
	Catherine E. Bateman	–	Commissioner
Appearances:	Simon Bieber	–	For Howard Miller
	Tyler Hodgson	–	For Paul Azeff and Korin Bobrow
	Donna Campbell	–	For Staff of the Ontario Securities Commission

REASONS AND DECISION

I. OVERVIEW

[1] At the close of Staff's case and before we heard any evidence or explanation from the respondents Mitchell Finkelstein ("**Finkelstein**"), Paul Azeff ("**Azeff**") or Korin Bobrow ("**Bobrow**"), the respondents Howard Miller ("**Miller**"), Azeff and Bobrow brought motions to dismiss certain allegations in the Fresh As Amended Statement of Allegations dated August 14, 2014 (the "**Fresh SOA**").

[2] On November 3, 2014, we rendered our decision with reasons to follow.

[3] Our decision was:

1. With respect to Miller:
   (a) we dismissed his non-suit motions relating to allegations against him with respect to Masonite International Corporation ("**Masonite**") and Dynatec Corporation ("**Dynatec**"); and
   (b) we granted his motion with respect to the limitation period applicable to the allegation in paragraph 45 of the Fresh SOA that he recommended Dynatec contrary to the public interest.
2. With respect to Bobrow, we granted his non-suit motion relating to allegations regarding MDSI Mobile Data Solutions Inc. ("**MDSI**").

3. With respect to Azeff:

(a) we dismissed his non-suit motion relating to the allegations that he tipped Client A with respect to Dynatec; and

(b) we dismissed his non-suit motion relating to the allegations that he acted contrary to the public interest in relation to MDSI.

IV. THE LAW

1. Test for Granting a Non-Suit Motion

[4] The test for a non-suit motion is whether "there is any evidence which, if taken at its highest, establishes or gives rise to a reasonable inference in favour of the party responding to the motion." (*Toronto (City) v. Toronto Civic Employees' Union, Local 416 (Espinola Grievance)*, [2000] O.L.A.A. No. 890, 93 L.A.C. (4th) 372 (QL) at para. 22).

[5] The Commission adopted this test in *Re ATI Technologies Inc.* (2005), 28 O.S.C.B. 9667 at para. 23 ("ATI") and *Re Suman* (2009), 32 O.S.C.B. 8375 ("***Suman***") at para. 24.

[6] As the Commission concluded in Suman, "[w]hether ultimately we conclude that Staff has proven its case on a balance of probabilities is a matter to be decided at the conclusion of the hearing on the merits based on all of the evidence" (*Suman*, *supra* at para. 24).

[7] We have reviewed the evidence on a *prima facie* standard, not on the standard of a balance of probabilities, a level of assessment that we will apply after all the evidence is complete and final arguments have been received.

2. The Statutory Limitation Period

[8] Section 129.1 of the Act provides that: "[e]xcept where otherwise provided in this Act, no proceeding under this Act shall be commenced later than six years from the date of the occurrence of the last event on which the proceeding is based."

V. ANALYSIS

3. Miller

[9] Miller submits that Staff has failed to lead evidence that establishes or gives rise to a reasonable inference of a constituent element of the charges against Miller; namely, that Miller was in a special relationship with both Masonite and/or Dynatec.

[10] We dismiss Miller's non-suit motion relating to allegations with respect to Masonite and Dynatec. It is our opinion on a limited weighing of the evidence that Staff has made out a *prima facie* case that Miller was in a special relationship with each of the issuers.

[11] In coming to this conclusion we considered the specificity of information that Miller had, the evidence regarding the source of that information, the communications between Miller and Client A and the proximity of trading activity by Miller and others.

[12] Miller also submits that the allegation that he recommended Dynatec contrary to the public interest in paragraph 45 of the Fresh SOA in this matter is barred by the statutory limitation period in section 129.1 of the Act.

[13] Section 129.1 of the Act provides that no proceeding under the Act shall be commenced later than six years from the date of the occurrence of the last event on which it is based. The Fresh SOA of August 14, 2014 included, for the first time, an allegation that Miller recommended investing in Dynatec. We interpret the "event" in this instance to be the act of recommending Dynatec shares on April 18 and 19, 2007. It is a new, specific and discrete allegation, although it might be said to be based on many of the same facts that were pleaded in a timely way in the Amended Amended Statement of Allegations of April 18, 2011. We have concluded that it is different in nature and character from the prior allegations. Therefore, it is beyond the six year limitation period and the allegation is struck.

4. Bobrow

[14] Bobrow submits that there is no evidence that he traded MDSI, no evidence that he profited or received commission for any purchase of MDSI shares and no evidence that he recommended MDSI to any of the three persons alleged to have traded in MDSI.

[15] We are not satisfied that Staff has made out a *prima facie* case linking Bobrow to the allegation in question. We grant Bobrow's non-suit motion relating to allegations that he acted contrary to the public interest in relation to MDSI.

5. Azeff

[16] Azeff submits that, with respect to allegations relating to MDSI, Staff's case at its very highest gives rise to suspicion, speculation and conjecture. Azeff submits that, of the three individuals who purchased MDSI, none purchased shares through him, one was not a client, he made no commission on the sale of MDSI shares and there is no evidence that, following the MDSI announcement, he met with Finkelstein, the alleged tipper, in person and gave him cash. Azeff contends that Staff's case, at its highest, is limited to an opportunity to speak with Finkelstein about MDSI prior to the announcement and contact with one client six days prior to the client's purchase of MDSI.

[17] With respect to Dynatec, Azeff submits that the only logical and reasonable inference that can be drawn from the trading pattern in Dynatec is that Client A was not provided with material non-public information. Azeff submits that Client A testified to several reasons why he invested in Dynatec, that he did not agree that he was told by Azeff that Dynatec was in play and that, although Client A began purchasing Dynatec on April 18, 2007, he sold 100% of his wife's position at a loss on April 19 after speaking with Azeff.

[18] We dismiss Azeff's non-suit motion relating to allegations that: (i) he acted contrary to the public interest with respect to MDSI; and (ii) tipped Client A with respect to Dynatec, as it is our opinion on a limited weighing of the evidence that Staff has made out a *prima facie* case in relation to those allegations.

[19] On a *prima facie* standard, we conclude that the access by Finkelstein to deal documents in July 2005, the telephone contacts between Azeff and Finkelstein and the timing of trades by Azeff's clients gives rise to reasonable inferences that support the allegations relating to MDSI.

[20] We also conclude that, with respect to Dynatec, Staff's evidence, on a *prima facie* standard, gives rise to reasonable inferences capable of supporting the allegations. In coming to this conclusion we have considered the relationship between Azeff and Client A, the testimony of Client A and the proximity of communications and trading activity by Azeff's clients.

DATED at Toronto this 25th day of November 2014.

"Alan Lenczner"

"AnneMarie Ryan"

"Catherine Bateman"

3.1.2 TD Waterhouse Private Investment Counsel Inc. et al. – ss. 127, 127(1)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
TD WATERHOUSE PRIVATE INVESTMENT COUNSEL INC.,
TD WATERHOUSE CANADA INC. AND TD INVESTMENT SERVICES INC.

ORAL RULING AND REASONS
(Section 127 and 127(1) of the Act)

Hearing:	November 13, 2014		
Oral Ruling:	November 13, 2014		
Panel:	Mary G. Condon	–	Commissioner and Chair of the Panel
	Christopher Portner	–	Commissioner
	Judith N. Robertson	–	Commissioner
Appearances:	Michelle Vaillancourt Catherine Weiler	–	For Staff of the Commission
	David Hausman Brad Moore	–	For TD Waterhouse Private Investment Counsel Inc., TD Waterhouse Canada Inc. and TD Investment Services Inc.

ORAL RULING AND REASONS

The following ruling and reasons have been prepared for the purpose of publication in the Ontario Securities Commission Bulletin and are based on portions of the transcript of the hearing. The excerpts from the transcript have been edited and supplemented and the text has been approved by the Chair of the Panel for the purpose of providing a public record of the oral ruling and reasons.

Chair of the Panel:

[1] Staff of the Ontario Securities Commission ("**Staff**") has made a number of allegations against TD Waterhouse Private Investment Counsel Inc., TD Waterhouse Canada Inc. and TD Investment Services Inc. (collectively, the "**TD Entities**"). These allegations involve failures of the internal compliance systems within the TD Entities to ensure that investors were charged the appropriate fees for mutual fund investments. Were these allegations proven in a contested hearing on a balance of probabilities, they would represent a serious breach of the duty of registrants to deal fairly with their clients. However, Staff and the TD Entities have agreed to a settlement with respect to which the TD Entities neither admit nor deny the allegations of Staff or the facts underlying these allegations.

[2] So what is role of the Panel with respect to the matters submitted to us by the parties? The role of the Panel is to consider whether to approve the settlement, agreed to between the parties, that is intended to resolve the issues between them. The question for the Panel to determine is whether it would be in the public interest to approve this settlement agreement.

[3] In coming to a conclusion on this issue, the Panel must consider the mandate of the Commission as expressed in section 1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), which is to protect investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in those markets. The Panel must also consider the case law that has established the role of the Commission in making sanctions orders under section 127 of the Act. That case law requires the Commission to focus on protecting investors and preventing future harm to investors and to the capital markets (see *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 and *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600).

[4] In making its determination about whether this settlement agreement is in the public interest, the Panel considered the terms of the proposed settlement and the terms of OSC Staff Notice 15-702 – *Revised Credit for Co-operation Program* (2014), 37 O.S.C.B. 2583 ("**Staff Notice 15-702**"). In addition, two confidential settlement conferences were held with the parties to address a number of questions the Panel had about the proposed settlement agreement. Having said this, the Panel

acknowledges that the parties to this agreement have much more detailed knowledge of the background circumstances of this matter than the Panel does.

[5] Ultimately, the panel has determined that it will approve this settlement agreement in the public interest.

[6] The major factors considered by the panel are as follows:

(a) The TD Entities came forward to self-report the alleged compliance and supervision inadequacies.

(b) The TD Entities have undertaken to provide compensation to all investors harmed by the alleged inadequacies of their compliance systems, including compensation for foregone opportunity costs, and have already taken steps to contact investors in this regard. Staff has closely analysed the process for determining this compensation and finds it to be acceptable. To date, this amounts to over $13 million of compensation payable.

(c) The TD Entities have undertaken to upgrade their compliance systems to ensure that there will be no recurrence of the practices characterized by Staff as control and supervision inadequacies. Furthermore, Staff is overseeing the process for ensuring that the enhanced compliance systems are implemented appropriately.

[7] These factors respecting compensation, improvement of compliance processes to protect investors, and self-reporting by registrants, in the Panel's view, are crucial to the acceptability of this no-contest settlement since they achieve the objectives of being protective of investors and of being forward-looking. They also signal to other market participants the importance placed by the Commission on self-reporting, remediation of harm to investors and on internal compliance systems that operate appropriately.

[8] Other important factors taken into consideration by the Panel include the following:

(d) Staff does not allege dishonest conduct on the part of the TD Entities.

(e) As referenced in the settlement agreement, a specific dispute resolution mechanism has been devised to address situations where investors dispute the amounts provided to them by way of compensation.

(f) The TD Entities have undertaken to make a voluntary payment of $50,000 to be allocated to the costs of the investigation and a further voluntary payment of $600,000. Staff counsel reported this morning that these payments have already been made.

(g) Finally, the settlement is an efficient way of avoiding the cost of a potentially lengthy hearing.

[9] One factor referenced by Staff Notice 15-702 which concerned the Panel was that of the length of time that passed between the TD Entities becoming aware of the alleged compliance and supervision issues and reporting them to Staff. The terms of Staff Notice 15-702 require that self-reporting be made in a timely manner. In this case, the settlement agreement indicates that two years passed between the TD Entities learning of the inadequacies and reporting them to Staff.

[10] Taking all the circumstances into account, including the fact that the TD Entities ultimately did come forward and that Staff indicates that the TD Entities provided prompt and detailed co-operation once the TD Entities reported, the Panel is prepared to accept Staff's submissions as to the suitability of a no-contest settlement in this instance. However, the Panel wishes to underscore the importance of timely and fulsome self-reporting of potential regulatory infractions by market participants. Not only is this an on-going responsibility of registrants, but it is an important component of accountability to the Commission for potential regulatory inadequacies.

[11] For all the reasons identified above, this settlement agreement is approved. The Panel will issue an order in the form contained at Appendix A to the settlement agreement filed by the parties.

Approved by the Chair of the Panel on the 27th day of November 2014.

"Mary G. Condon"

3.1.3 Patrick Myles Lough et al. – ss. 127(1), 127(10)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PATRICK MYLES LOUGH, LYNDA DAWN DAVIDSON
and WAYNE THOMAS ARNOLD BARNES

REASONS AND DECISION
(Subsections 127(1) and 127(10) of the Act)

Decision: November 27, 2014

Panel: James E. A. Turner – Vice-Chair of the Commission

Counsel: Keir Wilmut – For Staff of the Commission

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REASONS FOR DECISION

I. OVERVIEW

[1] This was a hearing (the "**Hearing**") conducted in writing before the Ontario Securities Commission (the "**Commission**") pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing market conduct restrictions against Patrick Myles Lough ("**Lough**"), Lynda Dawn Davidson ("**Davidson**") and Wayne Thomas Arnold Barnes ("**Barnes**") (collectively, the "**Respondents**").

[2] A Notice of Hearing in this matter was issued by the Commission on July 25, 2014 and a Statement of Allegations was filed by Staff of the Commission ("**Staff**") on the same date. Both the Notice of Hearing and the Statement of Allegations were duly served on the Respondents.

[3] On August 18, 2014, the Commission heard an application by Staff to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071, and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S. 22, as amended. The Respondents were duly served with that application but did not appear at the application hearing or make any submissions.

[4] The Commission granted Staff's application to proceed by way of written hearing and set a schedule for submission of materials by the parties.

[5] Staff filed written submissions, a hearing brief and a brief of authorities. The Respondents did not appear and did not file any responding materials.

Facts

[6] On January 31, 2014, the Respondents entered into a settlement agreement with the Alberta Securities Commission (the "**ASC**") (the "**Settlement Agreement**").

[7] Pursuant to the Settlement Agreement, the Respondents agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements under the Alberta *Securities Act*, R.S.A. 2000, c. S-4 (the "**ASA**").

[8] The conduct for which the Respondents were sanctioned occurred between January 2011 and September 2011 (the "**Material Time**").

[9] During the Material Time, the Respondents raised approximately $2.9 million from 23 investors in connection with a proposed real estate development near Pigeon Lake, Alberta without filing a prospectus or relying on an available prospectus exemption as required under Alberta securities laws. In the Settlement Agreement, the Respondents admitted to illegal distributions of Mountain Shores Land Ventures Ltd. ("**MSLV**") shares and to making false or misleading statements to potential investors.

[10] MSLV was also a respondent in the ASC proceedings and a party to the Settlement Agreement. Pursuant to the Settlement Agreement, MSLV undertook to correct misinformation previously provided to investors and to offer investors an optional refund of their investment, and agreed that any future capital raising activity of MSLV in Alberta would be conducted under the advice and guidance of a lawyer with knowledge of Alberta securities laws and exempt financing.

[11] These are my reasons for the market conduct restrictions I impose on the Respondents pursuant to subsections 127(1) of the Act in reliance on subsection 127(10)5 of the Act.

II. AGREED STATEMENT OF FACTS

[12] In the Settlement Agreement, the Respondents admitted the following facts (the "**Agreed Facts**"):

(a) MSLV is a private corporation incorporated in July 2008 in British Columbia, and extra-provincially registered in Alberta on March 3, 2011;

(b) Lough is a resident of Boswell, British Columbia. At the Material Time, Lough was the primary executive officer, a director and the majority owner of MSLV;

(c) Davidson is a resident of Saskatoon, Saskatchewan, and Lough's sister. At the Material Time, Davidson was an officer, director and owner of MSLV;

(d) Barnes is a resident of Kimberley, British Columbia. At the Material Time, Barnes was the Director of Sales & Marketing of MSLV;

(e) in late 2010, MSLV negotiated the purchase of property near Pigeon Lake, Alberta, known as the Dorchester Ranch RV and Golf Resort ("**Dorchester Resort**"), intending to develop some of the land surrounding the existing golf course into permanent RV lots;

(f) in January 2011, to acquire the Dorchester Resort, MSLV entered into agreements to purchase two pieces of land for $5 million;

(g) between February and September 2011, the Respondents distributed securities of MSLV, raising approximately $2.9 million from 23 investors, including 18 investors in Alberta;

(h) no prospectus, offering memorandum or exempt distribution reports were filed under the ASA in respect of the distribution of securities of MSLV;

(i) the distributions of securities of MSLV were purportedly made in reliance on the "accredited investor" and "family, friends, and business associates" exemptions contained in National Instrument 45-106, but a number of investors did not meet the relevant exemption criteria;

(j) Barnes failed to take adequate steps to ensure that he and the other salespersons understood the criteria applicable to the exemptions relied upon, and failed to take adequate steps to ensure that investors understood and met the criteria at the time of their investment. Lough and Davidson, as the only directors and officers of MSLV, failed to adequately oversee Barnes and the investment program;

(k) in soliciting investors in MSLV, the Respondents made statements to potential investors that they knew or ought reasonably to have known were materially misleading or untrue;

(l) in describing the project and anticipated profits, the Respondents failed to disclose to investors that there was a risk, which ultimately materialized, that the municipal authority responsible for providing development approvals would require, as a condition of approval, that MSLV either pave approximately 3 miles of roadway (in addition to the development's internal roadways), at an approximate cost of $3 million, or to post security equal to 120% of the paving cost;

(m) the Respondents also represented that investors would "have their initial investment returned," before any net profit would be paid;

(n) MSLV and Barnes breached section 110 of the ASA by distributing securities without having filed a prospectus and without an applicable prospectus exemption, and Lough and Davidson permitted such illegal distributions;

(o) MSLV, Lough, Davidson and Barnes breached section 92(4.1) of the ASA by making statements that each knew or reasonably ought to have known were materially misleading or untrue (including by factual omission) and would reasonably be expected to have a significant effect on the market price or value of a security; and

(p) the Respondents' conduct was contrary to the public interest.

The Terms of Settlement

[13] Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements under the ASA. Those terms are:

(a) Lough:

(i) Lough pay to the ASC, on execution of the Settlement Agreement, the amount of $40,000 in settlement of all allegations against him, and an additional $5,000 in respect of investigation costs; and;

(ii) for a period of 4 years from the date of the Settlement Agreement:

1. Lough refrain from trading in or purchasing securities or exchange contracts, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort development project;

2. Lough refrain from using any of the prospectus and registration exemptions contained in Alberta securities laws, except in respect of securities of MSLV; and

3. Lough refrain from becoming or acting as either a director or an officer of any issuer, registrant, or investment fund manager, and to immediately resign any such positions he holds, except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project;

(b) Davidson:

(i) Davidson pay to the ASC, on execution of the Settlement Agreement, the amount of $30,000 in settlement of all allegations against her, and an additional $5,000 in respect of investigation costs; and

(ii) for a period of 3 years from the date of the Settlement Agreement:

1. Davidson refrain from trading in or purchasing securities or exchange contracts, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort development project;

2. Davidson refrain from using any of the prospectus and registration exemptions contained in Alberta securities laws, except in respect of securities of MSLV; and

3. Davidson refrain from becoming or acting as either a director or an officer of any issuer, registrant, or investment fund manager, and to immediately resign any such positions she holds, except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project;

(c) Barnes:

(i) Barnes pay to the ASC, on execution of the Settlement Agreement, the amount of $30,000 in settlement of all allegations against him, and an additional $5,000 in respect of investigation costs; and

(ii) for a period of 4 years from the date of the Settlement Agreement:

1. Barnes retrain from trading in or purchasing securities or exchange contracts, except for trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse and his children; and

2. Barnes refrain from using any of the prospectus and registration exemptions contained in Alberta securities laws.

[14] The Respondents also acknowledged and agreed that the Settlement Agreement "may be referred to ... in securities regulatory proceedings in other jurisdictions."

III. ANALYSIS

A. Subsection 127(10) of the Act

[15] Subsection 127(10) of the Act provides as follows:

> **127 (10) Inter-jurisdictional enforcement** – Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exist:
>
> …
>
> 5. The person or company has agreed with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements.

[16] Based on the Settlement Agreement and the terms of settlement, it is apparent that the Respondents agreed with the ASC to be made subject to sanctions, conditions, restrictions or requirements, within the meaning of paragraph 5 of subsection 127(10) of the Act. Accordingly, the Commission is entitled to make one or more orders under subsections 127(1) or 127(5) of the Act, if in its opinion it is in the public interest to do so. (See *Re Euston Capital Corp.* (2009), 32 OSCB 6313.)

[17] I therefore find that I have the authority to make a public interest order against the Respondents under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act.

[18] I must determine whether, based on the Settlement Agreement, imposing the market conduct restrictions proposed by Staff would be in the public interest. An important consideration is that the Respondents' conduct would have constituted a breach of the Act and/or would have been considered to be contrary to the public interest if the conduct had occurred in Ontario (*JV Raleigh Superior Holdings Inc., Re* (2013), 36 OSCB 4639 at para. 16 ("***JV Raleigh***")).

B. Submissions of Staff

[19] In order to protect Ontario investors and capital markets, Staff submits that it is in the public interest for the Commission to impose market conduct restrictions on the Respondents consistent with the sanctions agreed to in the Settlement Agreement.

[20] Staff requests the following sanctions against Lough:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Lough cease until January 31, 2018, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan (such accounts or plans are referred to as a "**Personal Account or Plan**") for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Resort development project;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Lough cease until January 31, 2018, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Resort development project;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities law do not apply to Lough until January 31, 2018;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Lough resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project; and

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Lough be prohibited until January 31, 2018 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project.

[21] Staff requests the following sanctions against Davidson:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Davidson cease until January 31, 2017, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Resort development project;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Davidson cease until January 31, 2017, except for (a) trades made in a Personal Account or Plan, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort development project;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities laws do not apply to Davidson until January 31, 2017;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Davidson resign any positions that she holds as director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project; and

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Davidson be prohibited until January 31, 2017 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project.

[22] Staff requests the following sanctions against Barnes:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children; and

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Barnes until January 31, 2018.

[23] Staff submits that I am entitled to issue an order imposing those market conduct restrictions based solely on the evidence before me, which consists of the Settlement Agreement and the Agreed Facts.

D. Should an Order be Issued?

[24] When exercising the public interest jurisdiction under section 127 of the Act, I must consider the purposes of the Act. Those purposes, set out in subsection 1.1 of the Act, are:

(a) to protect investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[25] In pursuing these purposes, I must have regard for the fundamental principles described in section 2.1 of the Act. That section provides that one of the primary means for achieving the purposes of the Act is restrictions on fraudulent and unfair market practices and procedures.

[26] The Divisional Court in *Erikson v. Ontario (Securities Commission)* acknowledged that "participation in the capital markets is a privilege and not a right" (*Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Div. Ct.) at para. 55).

[27] An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at 1610-1611:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now section 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.

[28] While the Commission must make its own determination of what is in the public interest, it is important that the Commission recognize the increasingly complex and cross-jurisdictional nature of securities markets (*JV Raleigh*, *supra*, at paras. 21-26, and *New Futures Trading International Corp.* (2013), 36 OSCB 5713 at paras. 22-27).

[29] In imposing the market conduct restrictions in this matter, I am relying on the Settlement Agreement and the Agreed Facts. In doing so, it is not appropriate for me to revisit or second-guess the terms of settlement.

[30] I find that it is necessary and appropriate to protect Ontario investors and the integrity of Ontario's capital markets to impose market conduct restrictions against the Respondents in the public interest.

E. The Appropriate Restrictions

[31] In determining the nature and duration of the appropriate market conduct restrictions, I must consider all of the relevant facts and circumstances before me, including:

(a) the seriousness of the Respondents' conduct and breaches of the ASA;

(b) the harm to investors;

(c) whether or not the restrictions imposed may serve to deter the Respondents or others from engaging in similar abuses of Ontario investors and Ontario capital markets; and

(d) the effect any Ontario restrictions may have on the ability of the Respondents to participate without check in Ontario capital markets.

(See, for instance, *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 ("***Belteco***") at paras. 25 and 26.)

[32] The following facts and circumstances are particularly relevant in determining the sanctions that should be ordered against the Respondents:

(a) the Respondents admitted to breaching Alberta securities law;

(b) the conduct for which the Respondents were sanctioned would constitute a contravention of Ontario securities law if the conduct had occurred in Ontario, specifically a contravention of subsections 53(1) and 126.2(l) of the Act.

[33] As mitigating factors, the Settlement Agreement notes that the Respondents have no previous regulatory history in Alberta and co-operated with ASC Staff in their investigation. Further, the Respondents promptly and voluntarily stopped selling further securities when alerted to the ASC's concerns.

[34] I have reviewed the Commission and other decisions on sanctions referred to me by Staff in assessing the market conduct restrictions appropriate in this case. In reviewing those decisions, I note that each case depends upon its particular facts and circumstances (*Re M.C.J.C. Holdings Inc.* (2002), 25 OSCB 1133 at paras. 9 and 10 and *Belteco*, *supra*, at para. 26).

[35] In *British Columbia (Securities Commission) v. McLean* (2011) BCCA 455 ("***McLean***") the British Columbia Court of Appeal held that when reciprocating an order originally made in Ontario, the British Columbia Securities Commission has a duty to provide reasons, however brief, for the sanctions it was imposing and why they were in the public interest (*McLean*, *supra*, at paras. 28-29).

[36] In *Lines v. British Columbia (Securities Commission*), (2012) BCCA 316 ("***Lines***"), the British Columbia Court of Appeal interpreted *McLean* as holding that the Commission "must make its own determination of the public interest under s. 161 [section 127 of the Act], rather than make an order automatically based on the order of the foreign jurisdiction" (*Lines*, *supra*, at para. 31).

[37] The Commission held in *Re Elliott* (2009), 23 OSCB 6931 at para. 24 ("***Elliott***") that "subsection 127(10) ... allows the Commission to consider any convictions or orders made against an individual in other jurisdictions, when deciding whether or not to make an order under subsection 127(1) or (5) in the public interest".

[38] While the Commission may rely on the findings of the other jurisdiction, it must satisfy itself that an order is necessary to protect the public interest in Ontario:

> The applicability of subsection 127(10) to the BCSC Order and the Settlement Agreement does not automatically lead to the conclusion that this Panel must make an order similar to that made by the BCSC against Elliott. Rather, we must first consider whether or not sanctions are necessary to protect the public interest, before exercising any powers granted to us under subsections 127(1) and (5), and second, if necessary, consider what the appropriate sanctions should be.
>
> (*Elliott*, *supra* at para. 27)

[39] In matters such as this, the Commission has relied on the findings made in other jurisdictions and has not required that the misconduct be directly connected to Ontario or Ontario capital markets (*Weeres, Re* (2013), 36 OSCB 3608 and *Shantz (Re)* (2013), 36 OSCB 5993).

[40] Staff submits that the market conduct restrictions imposed in the Settlement Agreement are appropriate to the misconduct of the Respondents and serve as both specific and general deterrence. Staff further submits that a protective order imposing market conduct restrictions on the Respondents substantially similar to the those imposed under the Settlement Agreement, are necessary and appropriate to protect Ontario investors and Ontario capital markets from similar misconduct by the Respondents or others.

[41] The Respondents admitted to breaching Alberta securities laws by distributing securities without a prospectus and by making statements to investors that they knew or reasonably ought to have known were materially misleading or untrue. The Respondents further admitted that their conduct was contrary to the public interest.

[42] In distributing MSLV securities, the Respondents relied upon the "accredited investor" and "family, friends, and business associates" exemptions contained in National Instrument 45-106, but a number of investors failed to meet the relevant exemption criteria. As noted in the Settlement Agreement:

> Barnes failed to take adequate steps to ensure that he and the other salespersons understood the criteria of the exemptions relied upon, and failed to take adequate steps to ensure that investors understood and met the criteria at the time of their investment. Lough and Davidson, as the only directors and officers of MSLV, failed to adequately oversee Barnes and the investment program.
>
> (*Lough*, *supra* at paras. 13-14)

[43] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act imposing the following market conduct restrictions on the Respondents:

(a) Against Lough:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Lough cease until January 31, 2018, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Resort development project;

(ii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Lough cease until January 31, 2018, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Resort development project;

(iii) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities laws do not apply to Lough until January 31, 2018;

(iv) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Lough resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project; and

(v) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Lough be prohibited until January 31, 2018 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project;

(b) Against Davidson:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Davidson cease until January 31, 2017, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Resort development project;

(ii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Davidson cease until January 31, 2017, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Resort development project;

(iii) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities law do not apply to Davidson until January 31, 2017;

(iv) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Davidson resign any positions that she holds as director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project; and

(v) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Davidson be prohibited until January 31, 2017 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project;

(c) Against Barnes:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children;

(ii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children; and

(iii) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Barnes until January 31, 2018.

IV. CONCLUSION

[44] Accordingly, I find that it is in the public interest to issue an order in the form attached as Schedule "A" to these reasons.

DATED at Toronto this 27th day of November, 2014.

"James E. A. Turner"

Schedule "A"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PATRICK MYLES LOUGH, LYNDA DAWN DAVIDSON
and WAYNE THOMAS ARNOLD BARNES

ORDER
(Subsections 127(1) and 127(10))

WHEREAS on July 25, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Patrick Myles Lough ("Lough"), Lynda Dawn Davidson ("Davidson") and Wayne Thomas Arnold Barnes ("Barnes") (collectively, the "Respondents");

AND WHEREAS on the same date, Staff of the Commission ("Staff") filed a Statement of Allegations in this matter;

AND WHEREAS on January 31, 2014, the Respondents entered into a settlement agreement (the "Settlement Agreement") with the Alberta Securities Commission (the "ASC");

AND WHEREAS the Respondents are subject to sanctions, conditions, restrictions or requirements pursuant to the Settlement Agreement, within the meaning of paragraph 5 of subsection 127(10) of the Act;

AND WHEREAS on August 18, 2014, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS the Respondents did not appear and did not file any materials;

AND WHEREAS based on my reasons dated the date of this Order, I find that it is in the public interest to issue this order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Lough cease until January 31, 2018, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan (such an account or plan is referred to as a "Personal Account or Plan") for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort development project referred to in the Settlement Agreement (the "Dorchester Project");

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Lough cease until January 31, 2018, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children, and (b) trades or acts in furtherance of trades in securities of MSLV made solely for the purpose of completing the Dorchester Project;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities law do not apply to Lough until January 31, 2018;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Lough resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Project;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Lough be prohibited until January 31, 2018 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Project;

(f) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Davidson cease until January 31, 2017, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Project;

(g) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Davidson cease until January 31, 2017, except for (a) trades made in a Personal Account or Plan for the benefit of one or more of herself, her spouse and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Project;

(h) pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities law do not apply to Davidson until January 31, 2017;

(i) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Davidson resign any positions that she holds as director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Project;

(j) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Davidson be prohibited until January 31, 2017 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Project;

(k) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children;

(l) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Barnes cease until January 31, 2018, except for trades made in a Personal Account or Plan for the benefit of one or more of himself, his spouse and his children; and

(m) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Barnes until January 31, 2018.

DATED at Toronto this 27th day of November, 2014.

_____

James E. A. Turner

3.1.4 Kris Sundell – ss. 127(1), 127(10)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KRIS SUNDELL

REASONS AND DECISION
(Subsections 127(1) and 127(10) of the Act)

Decision: November 27, 2014

Panel: James E. A. Turner – Vice-Chair of the Commission

Counsel: Keir Wilmut – For Staff of the Commission

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REASONS FOR DECISION

I. OVERVIEW

[1] This was a hearing (the "**Hearing**") conducted in writing before the Ontario Securities Commission (the "**Commission**") pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing market conduct restrictions against Kris Sundell (the "**Respondent**" or "**Sundell**").

[2] A Notice of Hearing in this matter was issued by the Commission on July 21, 2014 and a Statement of Allegations was filed by Staff of the Commission ("**Staff**") on the same date. Both the Notice of Hearing and the Statement of Allegations were duly served on the Respondent.

[3] On August 18, 2014, the Commission heard an application by Staff to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071, and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S. 22, as amended. The Respondent was duly served with that application but did not appear at the application hearing or make any submissions.

[4] The Commission granted Staff's application to proceed by way of written hearing and set a schedule for submission of materials by the parties.

[5] Staff filed written submissions, a hearing brief and a brief of authorities. The Respondent did not appear and did not file any responding materials.

Facts

[6] On February 20, 2014, Sundell entered into a settlement agreement with the Alberta Securities Commission (the "**ASC**") (the "**Settlement Agreement**").

[7] Pursuant to the Settlement Agreement, Sundell agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements.

[8] The conduct for which Sundell was sanctioned occurred between January 1, 2011 and June 30, 2011 (the "**Material Time**").

[9] During the Material Time, Sundell was a resident of Calgary, Alberta. Sundell was a former investment advisor and he admitted in the Settlement Agreement that he breached subsections 93(a)(i) and (a)(ii) of the Alberta *Securities Act*, R.S.A. 2000, c. S-4 ("**ASA**") by engaging in a course of conduct relating to securities of Teras Resources Inc. ("**Teras**") that he knew or reasonably ought to have known resulted in a false and misleading appearance of trading activity and in an artificial price. He also admitted that his trading activity was conduct contrary to the public interest.

[10] These are my reasons for the market conduct restrictions I impose pursuant to subsections 127(1) of the Act in reliance on subsection 127(10)5 of the Act.

II. AGREED STATEMENT OF FACTS

[11] In the Settlement Agreement, Sundell agreed to the following facts (the "**Agreed Facts**"):

(a) Sundell is a 38 year-old resident of Calgary, Alberta. From approximately 2001 to 2006, he was employed as an investment advisor at a national investment broker with offices in Calgary. It was during this period that he first met a fellow employee and investment advisor named Peter Leger ("**Leger**");

(b) in September 2008, Sundell incorporated Strategic Capital International Inc. ("**Strategic**"). He was its sole director, shareholder, and representative. Sundell described Strategic as being involved in market expansion and financings;

(c) in 2009, Sundell and Leger had discussions concerning a possible business relationship. In March 2010, a consulting agreement was entered into between Strategic and Teras. At all material times, Leger was the president and CEO of Teras, a publicly-traded company. Pursuant to the agreement, Strategic was to start an "awareness" campaign to increase public interest in Teras through telephone calls and e-mails;

(d) from 2009 to early 2011, Sundell, through Strategic, assisted Teras with private placements and received finder's fees and, in some cases, shares, warrants or options for Teras shares. Strategic also received consulting fees from Teras;

(e) During this period, Sundell opened a self-directed trading account for Strategic with Scotia Capital Inc. ("**Scotia**") (the "**Account**"). Sundell had sole trading authority and executed all orders in the Account;

(f) From January 1, 2011 to June 30, 2011, Sundell traded shares of Teras in the Account. The Account only ever held and traded Teras shares;

(g) Sundell received some direction from Leger with respect to Sundell's trading in Teras shares in the Account. On occasion, Leger would call Sundell late in the trading day and tell him it would be great for the Teras stock to close high that day, or words to that effect. Sundell also made high closing trades without direction, believing that was expected of him by Leger, and wanting to protect his investment in Teras;

(h) In early May 2011, Scotia contacted Sundell with concerns that he had engaged in high closes in the Account. He was referred to Uniform Market Integrity Rule 2 (2.2) and asked to modify his trading. Following two more high closes on May 26 and 27, 2011, Sundell was asked to leave Scotia; and

(i) In June 2011, Scotia sent a "Gatekeeper Report" concerning Sundell's trading to the Investment Industry Regulatory Organization of Canada. On June 30, 2011, Sundell made arrangements to close the Account and move the Teras shares to another brokerage.

The Terms of Settlement

[12] Pursuant to the Settlement Agreement, Sundell agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements under the ASA as follows:

(a) Sundell pay to the ASC the amount of $40,000;

(b) Sundell pay to the ASC the amount of $5,000 towards investigation and legal costs; and

(c) Sundell cease trading in or purchasing securities for a period of five years.

[13] Sundell acknowledged and agreed that the Settlement Agreement "may be referred to ... in securities regulatory proceedings in other jurisdictions."

III. ANALYSIS

A. Subsection 127(10) of the Act

[14] Subsection 127(10) of the Act provides as follows:

> **127 (10) Inter-jurisdictional enforcement** – Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exist:
>
> …
>
> 5. The person or company has agreed with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements.

[15] Based on the Agreed Facts and the terms of settlement, it is apparent that Sundell agreed with the ASC to be made subject to sanctions, conditions, restrictions or requirements, within the meaning of paragraph 5 of subsection 127(10) of the Act. Accordingly, the Commission is entitled to make one or more orders under subsections 127(1) or 127(5) of the Act, if in its opinion it is in the public interest to do so. (See *Re Euston Capital Corp.* (2009), 32 OSCB 6313)

[16] I therefore find that I have the authority to make a public interest order against the Respondent under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act.

[17] I must determine whether, based on the Settlement Agreement, imposing the market conduct restrictions requested by Staff would be in the public interest. An important consideration is that the respondent's conduct would have constituted a breach of the Act and/or would have been considered to be contrary to the public interest if the conduct occurred in Ontario. (*JV Raleigh Superior Holdings Inc., Re* (2013), 36 OSCB 4639 at para. 16 ("***JV Raleigh***"))

B. Submissions of Staff

[18] In order to protect Ontario investors and capital markets, Staff submits that it is in the public interest for the Commission to impose market conduct restrictions on the Respondent consistent with the sanctions agreed to in the Settlement Agreement.

[19] Staff requests the following sanctions against Sundell:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Sundell cease until February 20, 2019; and

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sundell cease until February 20, 2019.

[20] Staff submits that I am entitled to issue an order imposing those market conduct restrictions based solely on the evidence before me, which consists of the Settlement Agreement and the Agreed Facts.

C. Should an Order be Issued?

[21] When exercising the public interest jurisdiction under section 127 of the Act, I must consider the purposes of the Act. Those purposes, set out in subsection 1.1 of the Act, are:

(a) to protect investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[22] In pursuing these purposes, I must have regard to the fundamental principles described in section 2.1 of the Act. That section provides that one of the primary means for achieving the purposes of the Act are restrictions on unfair, improper and fraudulent market practices.

[23] The Divisional Court in *Erikson v. Ontario (Securities Commission)* acknowledged that "participation in the capital markets is a privilege and not a right" (*Erikson v. Ontario (Securities Commission),* [2003] O.J. No. 593 (Div. Ct.) at para. 55).

[24] An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at 1610-1611:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now section 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.

[25] While the Commission must make its own determination of what is in the public interest, it is important that the Commission recognize the increasingly complex and cross-jurisdictional nature of securities markets. (*JV Raleigh*, *supra*, at paras. 21-26, and *New Futures Trading International Corp.* (2013), 36 OSCB 5713 at paras. 22-27)

[26] In imposing the market conduct restrictions in this matter, I am relying on the Settlement Agreement and the Agreed Facts. It is not appropriate in doing so to revisit or second-guess the terms of settlement.

[27] I find that it is necessary and appropriate to protect Ontario investors and the integrity of Ontario's capital markets to impose market conduct restrictions against the Respondent in the public interest.

D. The Appropriate Restrictions

[28] In determining the nature and duration of the appropriate market conduct restrictions, I must consider all of the relevant facts and circumstances before me, including:

(a) the seriousness of the Respondent's conduct and breaches of the ASA;

(b) the harm to investors;

(c) whether or not the restrictions imposed may serve to deter the Respondent or others from engaging in similar abuses of Ontario investors and Ontario capital markets; and

(d) the effect any Ontario restrictions may have on the ability of the Respondent to participate without check in Ontario capital markets.

(See, for instance, *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 ("***Belteco***") at paras. 25 and 26.)

[29] The following facts and circumstances are particularly relevant in determining the sanctions that should be ordered against Sundell:

(a) the Respondent admitted to breaching Alberta securities law; and

(b) the conduct for which the Respondent was sanctioned would constitute a contravention of Ontario securities law if it had occurred in Ontario, specifically a contravention of subsection 126.1(l)(a) of the Act.

[30] Further, Sundell was warned by Scotia in early May 2011 that he had engaged in high closes in the Account. Sundell was referred to Uniform Market Integrity Rule 2 (2.2) and was asked to change his trading activity. Sundell ignored that warning and engaged in an additional two high closes at the end of May 2011, at which time, Sundell was asked to leave Scotia.

[31] As mitigating factors, it is stated in the Settlement Agreement that Sundell had no previous regulatory history and co-operated with ASC Staff in their investigation.

[32] I have reviewed the Commission and other decisions on sanctions referred to me by Staff in assessing the market conduct restrictions appropriate in this case. In reviewing those decisions, I note that each case depends upon its particular facts and circumstances (*Re M.C.J.C. Holdings Inc.* (2002), 25 OSCB 1133 at paras. 9 and 10 and *Belteco*, *supra*, at para. 26).

[33] In *British Columbia (Securities Commission) v. McLean* (2011) BCCA 455 ("***McLean***") the British Columbia Court of Appeal held that when reciprocating an order originally made in Ontario, the British Columbia Securities Commission has a duty to provide reasons, however brief, for the sanctions it was imposing and why they were in the public interest. (*McLean*, *supra*, at paras. 28-29).

[34] In *Lines v. British Columbia (Securities Commission)*, (2012) BCCA 316 ("***Lines***"), the British Columbia Court of Appeal interpreted *McLean* as holding that the Commission "must make its own determination of the public interest under s. 161 [section 127 of the Act], rather than make an order automatically based on the order of the foreign jurisdiction" (*Lines*, *supra*, at para. 31).

[35] The Commission held in *Elliott, Re* (2009), 23 OSCB 6931 at para. 24 ("***Elliott***") that "subsection 127(10) ... allows the Commission to consider any convictions or orders made against an individual in other jurisdictions, when deciding whether or not to make an order under subsection 127(1) or (5) in the public interest."

[36] While the Commission may rely on the findings of the other jurisdiction, it must satisfy itself that an order is necessary or appropriate to protect the public interest in Ontario:

> The applicability of subsection 127(10) to the BCSC Order and the Settlement Agreement does not automatically lead to the conclusion that this Panel must make an order similar to that made by the BCSC against Elliott. Rather, we must first consider whether or not sanctions are necessary to protect the public interest, before exercising any powers granted to us under subsections 127(1) and (5), and second, if necessary, consider what the appropriate sanctions should be.
>
> (*Elliott*, *supra*, at para. 27)

[37] In matters such as this, the Commission has relied on the findings made in other jurisdictions and has not required that the misconduct be directly connected to Ontario or Ontario capital markets (*Weeres, Re* (2013), 36 OSCB 3608 and *Shantz (Re)* (2013), 36 OSCB 5993).

[38] Staff submits that the market conduct restrictions imposed in the Settlement Agreement are appropriate to the misconduct of the Respondent and serve as both specific and general deterrence. Staff further submits that a protective order imposing market conduct restrictions on the Respondent, substantially similar to those imposed under the Settlement Agreement, are necessary and appropriate to protect Ontario investors and Ontario capital markets from similar misconduct by the Respondent.

Submission of the Respondent

[39] Staff seeks an order stating that, among other matters, "pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sundell cease until February 20, 2019." In an e-mail to Staff dated August 18, 2014, Sundell requested that, so as to mirror the terms of the Settlement Agreement, the Ontario order instead state that "pursuant to paragraph 2.1 of subsection 127(1) of the Act, the *purchase* of any securities by Sundell cease until February 20, 2019". [emphasis added]

[40] Staff submits that Sundell's proposed amendment to the Order is not appropriate. If the Panel finds that the facts admitted to by Sundell in the Settlement Agreement are sufficient to impose sanctions under the Act, Staff submits that the sanctions imposed should be those set out in the Act. In this case, paragraph 2.1 of subsection 127(1) of the Act refers to the acquisition of any securities.

[41] It is not clear to me what the effect of the change requested by the Respondent is intended to be. If my order in this matter restricts trading activity that is permitted under the Settlement Agreement, the Respondent is entitled to bring an exemption application to the Commission in respect of that trading activity. I am not suggesting, however, that such exemption should necessarily be granted.

[42] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act imposing the following market conduct restrictions on Sundell:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Sundell cease until February 20, 2019; and

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sundell cease until February 20, 2019.

IV. CONCLUSION

[43] Accordingly, I find that it is in the public interest to issue an order in the form attached as Schedule "A" to these reasons.

DATED at Toronto this 27th day of November, 2014.

"James E. A. Turner"

Schedule "A"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KRIS SUNDELL

ORDER
(Subsections 127(1) and 127(10))

WHEREAS on July 21, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to sections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Kris Sundell (the "Respondent" or "Sundell");

AND WHEREAS Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on the same date;

AND WHEREAS on February 20, 2014, Sundell entered into a settlement agreement (the "Settlement Agreement") with the Alberta Securities Commission (the "ASC");

AND WHEREAS the Respondent is subject to sanctions, conditions, restrictions or requirements imposed upon him pursuant to the Settlement Agreement;

AND WHEREAS on August 18, 2014, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS Sundell did not appear and did not file any materials;

AND WHEREAS based on my reasons dated the date of this Order, I find that it is in the public interest to issue this Order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Sundell cease until February 20, 2019; and

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Sundell cease until February 20, 2019.

DATED at Toronto this 27th day of November, 2014.

_____
James E. A. Turner

3.1.5 Paul Yoannou – ss. 127(1), 127(10)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
PAUL YOANNOU

REASONS AND DECISION
(Subsections 127(1) and 127(10) of the Act)

Decision: November 27, 2014

Panel: James E. A. Turner – Vice-Chair of the Commission

Counsel: Keir Wilmut – For Staff of the Commission

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REASONS FOR DECISION

I. OVERVIEW

[1] This was a hearing (the "**Hearing**") conducted in writing before the Ontario Securities Commission (the "**Commission**") pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing market conduct restrictions against Paul Yoannou ("**Yoannou**" or the "**Respondent**").

[2] A Notice of Hearing in this matter was issued by the Commission on July 3, 2014 and a Statement of Allegations was filed by Staff of the Commission ("**Staff**") on the same day. Both the Notice of Hearing and the Statement of Allegations were duly served on the Respondent.

[3] On August 18, 2014, the Commission heard an application by Staff to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071, and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S. 22, as amended. The Respondent was duly served with that application but did not appear at the application hearing or make any submissions.

[4] The Commission granted Staff's application to proceed by way of written hearing and set a schedule for submission of materials by the parties.

[5] Staff filed written submissions, a hearing brief and a brief of authorities. The Respondent did not appear and did not file any responding materials.

Facts

[6] Pursuant to an Information sworn June 28, 2012 (the "**Information**"), Yoannou was charged with 32 counts of fraud over $5,000, contrary to section 380(l)(a) of the *Criminal Code*, R.S.C. 1985, c. C-46, as amended (the "**Criminal Code**").

[7] On February 1, 2013, Yoannou pleaded guilty to 15 counts of fraud over $5,000. The circumstances underlying the offences arose from a transaction, business or course of conduct related to securities as described in paragraph [14] below.

[8] The conduct for which Yoannou was convicted took place over the period from October 2004 to January 2006.

[9] A sentencing hearing was held on February 28, 2013 before Justice Boivin of the Ontario Court of Justice. Justice Boivin issued oral reasons for sentence and sentenced Yoannou to a term of imprisonment of 6 years (the "**Court Decision**"). Restitution orders were also made in favour of Investors Group and one of the victims totalling $6.6 million.

[10] On August 31, 2012, the Mutual Fund Dealers Association of Canada ("**MFDA**") issued a Notice of Hearing ("**MFDA Notice of Hearing**") concerning Yoannou's misconduct while employed with Investors Group (a member of the MFDA) during the relevant time.

[11] On April 25, 2013, the MFDA matter was heard at a disciplinary hearing before a panel of the MFDA (the "**MFDA Panel**"). In its Reasons for Decision dated May 8, 2013 (the "**MFDA Decision**"), the MFDA Panel acknowledged Yoannou's guilty pleas before the Ontario Court of Justice in relation to his misconduct.

[12] The MFDA Panel accepted as proven the allegations contained in the MFDA Notice of Hearing, and found that Yoannou misappropriated at least $6,000,000 from clients and other individuals, contrary to MFDA Rule 2.1.1. The MFDA Panel further found that Yoannou failed to attend an interview to provide a statement and to produce documents and records as requested by the MFDA in the course of its investigation, contrary to section 22.1 of MFDA By-law No. 1.

[13] The MFDA Panel ordered a permanent prohibition against Yoannou conducting securities related business in any capacity over which the MFDA has jurisdiction, pursuant to s. 24.1.1(e) of MFDA By-law No. 1.

II. ADMITTED FACTS

[14] Yoannou admitted the following facts in respect of his criminal fraud convictions (the "**Admitted Facts**"):

(a) Yoannou was employed with Investors Group as a financial consultant for 14 years. He managed finances for clients and gave financial advice to these clients on how to investor their money. He was located at the Investors Group office at 2345 Yonge Street until his dismissal;

(b) between October of 2004 and January of 2012, Yoannou approached 30 of his Investors Group clients with three new investment strategies that he described as being Investors Group certified; these were a short term credit card program, a mortgage investment through bridge financing, and an investment in a company called Ethoca. These were not legitimate Investors Group investments, nor were they supported by Investors Group;

(c) Yoannou's clients trusted Yoannou's financial advice after many years of investing with him;

(d) the complainants authorized transfers from their accounts and/or borrowed money to invest with Yoannou, believing that the three investments referred to in (b) above were authorized by Investors Group and were sound investments;

(e) at Yoannou's request, cheques were made out to him personally and money was transferred into Yoannou's personal account. In some cases, cheques were made out to other investors who Yoannou represented were being bought out. In these cases, one investor would make out a cheque directly to another investor;

(f) Yoannou encouraged the complainants to mortgage their homes, to use lines of credit, or to take out loans to invest more money with him;

(g) when one of the clients referred to in the Information asked Yoannou to return her investment, he came up with excuses and refused to return it, telling her it was more financially beneficial to leave the money with him;

(h) in exchange for their investments, investors were provided with promissory notes on Investors Group letterhead, detailing the investments, and Yoannou provided some complainants with Investors Group portfolio summaries that had been modified to include the amounts of the dummy investments so that it appeared as if the money was still under the umbrella of Investors Group;

(i) the total loss to Investors Group of making investors whole was over $6 million; and

(j) the funds Yoannou obtained from investors were used for different purposes. Some of the funds were used to pay back other investors. It also appears that Yoannou was gambling heavily during the time that he was taking money from his clients.

III. ANALYSIS

A. Subsection 127(10) of the Act

[15] Subsection 127(10) of the Act provides as follows:

> **127 (10) Inter-jurisdictional enforcement** – Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exist:
>
> …
>
> 2. The person or company has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives.

[16] Yoannou has been convicted in Ontario of 15 counts of fraud over $5,000 contrary to the Criminal Code. Those convictions arose from transactions, a business or a course of conduct related to securities. Yoannou admitted to misappropriating approximately $6,600,000 which he had solicited from investors pursuant to various fraudulent investment schemes.

[17] I find that I have the authority to make a public interest order against the Respondent under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act, based on the Court Decision and the Admitted Facts. Staff did not rely on the MFDA Decision in connection with this matter.

[18] I must determine whether, based on the Court Decision, the market conduct restrictions requested by Staff would be in the public interest. An important consideration is that the Respondent's conduct would have constituted a breach of the Act and/or would have been considered to be contrary to the public interest if proceedings had been brought under the Act. (*JV Raleigh Superior Holdings Inc., Re* (2013), 36 OSCB 4639 at para. 16)

B. Submissions of Staff

[19] In order to protect Ontario investors and capital markets, Staff submits that it is in the public interest for the Commission to impose the following market conduct restrictions on the Respondent:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Yoannou cease permanently;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Yoannou be prohibited permanently;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Yoannou permanently;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Yoannou resign any positions that he holds as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager; and

(f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter.

[20] Staff submits that I am entitled to issue an order imposing these market conduct restrictions based solely on the evidence before me, which consists of the Court Decision and the Admitted Facts.

D. Should an Order be Issued?

[21] When determining to exercise the Commission's public interest jurisdiction under section 127 of the Act, I must consider the purposes of the Act. Those purposes are set out in subsection 1.1 of the Act and are:

(a) to protect investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[22] In pursuing these purposes, I must have regard for the fundamental principles described in section 2.1 of the Act. That section provides that one of the primary means for achieving the purposes of the Act is restrictions on fraudulent and unfair market practices and procedures.

[23] The Divisional Court in *Erikson v. Ontario (Securities Commission)* acknowledged that "participation in the capital markets is a privilege and not a right" (*Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Div. Ct.) at para. 55).

[24] An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at 1610-1611:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now section 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.

[25] In imposing the market conduct restrictions in this matter, I am relying on the Court Decision and the Admitted Facts. It is not appropriate in doing so to revisit or second-guess the findings in the Court Decision.

[26] I find that it is necessary to protect Ontario investors and the integrity of Ontario's capital markets to impose market conduct restrictions against the Respondent in the public interest.

E. The Appropriate Restrictions

[27] In determining the nature and duration of the appropriate market conduct restrictions, I am relying on the following considerations:

(a) the seriousness of the Respondent's conduct and breaches of the Criminal Code;

(b) the harm to investors; and

(c) the fact that the restrictions imposed will deter the Respondent from engaging in any further abuses of Ontario investors and Ontario capital markets.

(See, for instance, *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 ("***Belteco***") at paras. 25 and 26.)

[28] The following facts and circumstances are particularly relevant in determining the sanctions that should be ordered against the Respondent:

(a) Yoannou committed fraud and was sentenced to six years imprisonment;

(b) Justice Boivin noted Yoannou's misconduct, "involved building a trust relationship with the victims, only to abuse it on an ongoing basis thereafter. It was orchestrated by Mr. Yoannou. And it involved, in my view, a high level of deceit";

(c) Justice Boivin also noted, "[t]he impact ... was quite significant. And as the Crown has pointed out, the impact was to elderly people, many who had worked all their lives to prepare for retirement and to put money away for an inheritance for their children"; and

(d) Justice Boivin noted as aggravating factors that Yoannou's misconduct was “a sophisticated scheme. ... It took place over a significant period of time,” and that “there seems to have been no apparent effort to stop until, ultimately, the house of cards tumbled in this particular case.”

[29] As mitigating factors, Justice Boivin noted Yoannou's co-operation with police, early guilty plea, indications of remorse and absence of a previous criminal record.

[30] I have reviewed the following Commission decisions in coming to a conclusion as to the appropriate sanctions to be imposed in this matter: *Re Landen*, (2010) 33 OSCB 9489, *Re Lech*, (2010), 33 OSCB 4795 (“***Lech***”), *Re Portus Alternative Asset Management Inc.*, (2012) 35 OSCB 8128, and *Re Maitland Capital Ltd.* (2012), 35 OSCB 1729.

[31] I note that each case depends upon its particular facts and circumstances (*Re M.C.J.C. Holdings Inc.* (2002), 25 OSCB 1133 at paras. 9 and 10 and *Belteco*, *supra*, at para. 26).

[32] The Commission found in *Lech* that a respondent’s criminal conviction for fraud over $5,000, contrary to subsection 380(1)(a) of the Criminal Code, could be relied upon by the Commission, in the circumstances contemplated by subsection 127(10), to make an order in the public interest under subsection 127(1) of the Act.

[33] Although Yoannou has been sentenced by the Ontario Court of Justice for a term of imprisonment for fraud, the Commission retains jurisdiction to make orders in the public interest under section 127 of the Act relating to the same acts.

[34] Staff submits that the market conduct restrictions requested by it are appropriate to the misconduct of the Respondent and will serve as both specific and general deterrence. Staff submits that it is in the public interest for the Commission to exercise its authority under subsection 127(1) of the Act to protect Ontario investors and Ontario's capital markets from further misconduct by Yoannou.

[35] It is clear based on the Court Decision and the Admitted Facts that the Respondent should not be permitted to participate in the future in Ontario capital markets.

[36] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act imposing on the Respondent the following market conduct restrictions requested by Staff:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Yoannou cease permanently;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Yoannou be prohibited permanently;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Yoannou permanently;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Yoannou resign any positions that he holds as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager; and

(f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter.

IV. CONCLUSION

[37] Accordingly, I find that it is in the public interest to issue an order in the form attached as Schedule “A” to these reasons.

DATED at Toronto this 27th day of November, 2014.

“James E. A. Turner”

Schedule "A"

**IN THE MATTER OF THE
SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
PAUL YOANNOU**

**ORDER
(Subsections 127(1) and 127(10))**

WHEREAS on July 3, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Paul Yoannou ("Yoannou" or the "Respondent");

AND WHEREAS Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on the same date;

AND WHEREAS on February 1, 2013, Yoannou pleaded guilty in the Ontario Court of Justice to 15 counts of fraud over $5,000;

AND WHEREAS on February 28, 2013, Yoannou was sentenced by the Ontario Court of Justice to a term of imprisonment of six years and was ordered to pay restitution of $6.6 million;

AND WHEREAS on August 18, 2014, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS the Respondent did not appear and did not file any materials;

AND WHEREAS I issued written reasons for issuing this Order on the date hereof;

AND WHEREAS I find that it is in the public interest to issue this Order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Yoannou cease permanently;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Yoannou be prohibited permanently;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Yoannou permanently;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Yoannou resign any positions that he holds as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager; and

(f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Yoannou be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter.

DATED at Toronto this 27th day of November, 2014.

_____
James E. A. Turner

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Mercator Minerals Ltd.	01 December 14	12 December 14		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS TO REPORT THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Besra Gold Inc.	10 October 14	22 October 14	22 October 14		
Northland Resources SE	21 November 14	3 December 14			

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5.1.1 CSA Notice of Amendments to NI 51-101 Standards of Disclosure for Oil and Gas Activities and Companion Policy 51-101 Standards of Disclosure for Oil and Gas Activities

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice of Amendments to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and Companion Policy 51-101 *Standards of Disclosure for Oil and Gas Activities*

December 4, 2014

Introduction

The Canadian Securities Administrators (the CSA or we), are making amendments to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (Rule) and Companion Policy 51-101 *Standards of Disclosure for Oil and Gas Activities* (Companion Policy) (the Amendments). The Amendments are being made in response to our observation of reporting issuer disclosure and to industry feedback. Subject to ministerial approval requirements, the Amendments will come into force on July 1, 2015. CSA Staff Notice 51-324 *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* and CSA Staff Notice 51-327 *Revised Guidance on Oil and Gas Disclosure* are also being amended in connection with the Amendments and will be published concurrently with the Amendments.

The CSA published proposed amendments to the Rule and the Companion Policy on October 17, 2013 for a 90 day comment period. Written comments received during and following this period, in conjunction with those obtained through oral communication with reporting issuers, independent qualified reserves evaluators and auditors and others were taken into consideration by the CSA in preparation of the Amendments.

You can find the text of the Amendments in the annexes to this Notice and on the websites of the CSA jurisdictions. We expect the Amendments to be adopted in each jurisdiction of Canada, following the satisfaction of applicable ministerial approval requirements.

Substance and Purpose of the Amendments

The Rule sets out both the general disclosure standards and specific annual disclosure requirements applicable to reporting issuers with oil and gas activities while the Companion Policy sets out the views of the CSA respecting the interpretation and application of the Rule. Under the Rule, the disclosure of resources other than reserves is voluntary. In recent years, the number of reporting issuers disclosing contingent and prospective resources has increased significantly. We have observed certain early stage issuers disclose resources other than reserves to convey the potential of their assets. To date, this disclosure has occurred both within and outside of the annual disclosure requirements with varying degrees of consistency and completeness.

The CSA acknowledges the importance of disclosure of resources other than reserves and expects that the Amendments will help further clarify the disclosure obligations of reporting issuers and provide guidance on their presentation.

The Amendments promote improved disclosure of resources other than reserves and associated metrics while simultaneously providing increased flexibility for oil and gas issuers that operate and report in different jurisdictions and recover product types not previously recognized by the Rule, and align the Rule with the amended Canadian Oil and Gas Evaluation Handbook (COGE Handbook). This includes the guidelines for estimation and classification of resources other than reserves (ROTR Guidelines), which became effective July 17, 2014; and the detailed guidelines for estimation and classification of bitumen resources (Bitumen Guidelines) published on April 1, 2014. While the effective date of the Amendments is July 1, 2015, reporting issuers are required to immediately follow the latest requirements of the COGE Handbook including ROTR Guidelines and Bitumen Guidelines as currently required pursuant to the Rule.

Background

Under the Rule, reporting issuers engaged in oil and gas activities are required to provide annual disclosure, appoint an independent qualified reserves evaluator or auditor, facilitate communication between the board of directors and the independent qualified reserves evaluator or auditor and prepare, evaluate or audit all public disclosure of reserves and resources other than reserves in accordance with the requirements of Part 5 of the Rule. Part 5 of the Rule mandates that reserves and resources other than reserves be prepared in accordance with the COGE Handbook and be evaluated or audited by a qualified reserves evaluator or auditor. The Rule was implemented in 2003 and amended in 2007 and 2010.

On October 17, 2013, the following amendments were proposed by the CSA:

- in certain circumstances and subject to disclosure requirements, permitting disclosure prepared under an alternative resources evaluation standard;
- inclusion and refinement of product type definitions in the Rule;
- additional requirements regarding the disclosure of contingent and prospective resources;
- introduction of a principle-based approach to the disclosure of oil and gas metrics;
- clarification of the point at which sales of product types and associated by-products should be disclosed;
- definition of and requirements related to the disclosure of abandonment and reclamation costs;
- removal of the requirement to match the presentation of reserves not directly held by the reporting issuer in the statement prepared in accordance with Form 51-101F1 to the presentation of the assets in the financial statements;
- removal of the requirement to obtain independent qualified reserves evaluator consent before disclosing results from the annual evaluation outside of the required annual filings;
- revision of the date at which the independent qualified reserves evaluator takes responsibility for information related to the reserves evaluation;
- clarification of required disclosure when an issuer has no reserves.

Summary of the Comments Received by the CSA

Thirteen letters were submitted during and shortly after the comment period. Letters were received from six large reporting issuers, three independent qualified reserves evaluators and auditors, one senior oil sands issuer, one law firm, one individual and one professional organization. Additional comments were received via oral communications with reporting issuers, independent qualified reserves evaluators and auditors and others.

The comments received were generally supportive of the proposed amendments while the proposed amendments respecting the requirements for additional disclosure of contingent and prospective resources received the most feedback. The comments were considered in detail by the CSA prior to preparation of the Amendments. Annex A of this Notice identifies the commenters and Annex B summarizes the associated comments and our responses. The comment letters are posted on the ASC's website at www.albertasecurities.com. We extend our thanks to all the commenters.

Summary of Changes

After considering the comments, we made amendments to the Rule including Form 51-101F1, Form 51-101F2, Form 51-101F3 and the Companion Policy, and added Form 51-101F5. As these changes were not material from the proposed amendments, the CSA did not republish the Amendments for an additional comment period. See Annex C for a summary of the changes made to the Amendments as originally published on October 17, 2013.

Contents of Annexes

Annex A – List of Written Commenters
Annex B – Summary of Comments and CSA Responses
Annex C – Summary of Changes from the Proposed Amendments Published for Comment on October 17, 2013
Annex D – Amending Instrument for the Rule
Annex E – Blackline of Companion Policy
Annex F – Local Matters

Local Matters

Annex F is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Summary of the Amendments

1. *Alternative Resources Evaluation Standard*

Numerous issuers reporting in Canada also access the U.S. capital markets and are subject to the SEC's reserves disclosure regime. For example, SEC issuers who prepare financial statements in accordance with U.S. GAAP, as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, have a requirement under Statement 19 of the Financial Standards Accounting Board to include reserves disclosure prepared in accordance with the U.S. regime within their financial statements. Certain issuers have sought and obtained a limited form of exemptive relief that allows them to disclose reserves prepared in accordance with U.S. requirements in addition to their reserves prepared under the Rule. The relief is required owing to an interpretation of sections 5.1, 5.2 and 5.3 of the Rule that does not allow for any public disclosure of reserves other than estimates prepared in accordance with the COGE Handbook**.**

Amended section 5.18 of the Rule allows for disclosure from alternative regimes. The disclosure under the alternative regime must be accompanied by the disclosure required by the Rule, be made in respect of a regime which is comparable to the COGE Handbook, have a scientific basis and be based on reasonable assumptions. Those estimates must be prepared or audited by a qualified reserves evaluator or auditor.

2. *Product Type and Production Group*

The amended Rule imports and refines the product type definitions from the COGE Handbook for securities disclosure purposes. The concept of production group is removed. The inclusion of the definitions and removal of the production group concept gives greater emphasis to both the oil and gas sources and recovery processes, and moves away from grouping resources into conventional and unconventional categories.

We do not anticipate any issues regarding reconciliations of product types under Part 4 of Form 51-101F1 as a result of this change. The opening balance for December 31, 2014 should be taken from the product types listed in the Statement of Reserves Data as per Item 2.1 of Form 51-101F1. A reporting issuer should choose the closest product type if the substance produced does not exactly match one of the product types or if it matches more than one of the product types listed in NI 51-101.

3. *Contingent and Prospective Resources*

The Amendments provide clearer guidance for the disclosure of contingent resources data and prospective resources data in the annual filings, including requiring the disclosure of risked net present value of future net revenue within an appendix to the statement. In addition, the Amendments require those resources other than reserves estimates be prepared or audited by an independent qualified reserves evaluator or auditor.

4. *Oil and Gas Metrics*

The amended section 5.14 of the Rule lists principle-based requirements to describe the standard, methodology and meaning of a publicly disclosed oil and gas metric. If there is no standard, a reporting issuer must also describe the parameters used in calculating the oil and gas metric and provide a cautionary statement.

5. *Marketability of Production and Reserves*

Reporting issuers are obligated by the Rule to disclose production and resources based on the price that was or would be used at the point at which the product type is or could be sold. However, in certain scenarios it may not be appropriate, or even possible, to allocate a price at a point of sale. In respect of resources or sales of oil, gas or associated by-products, the volume may be measured at the point of sale to a third party (first point of sale), or of transfer to another division of the reporting issuer (alternate reference point) for treatment prior to sale to a third party. For gas, this may occur either before or after the removal of natural gas liquids. For bitumen or heavy oil, this is before the addition of diluent.

The amendments to the Rule clarify the concept of marketability in the reporting of oil and gas volumes. The amended sections 5.4 and 5.5 of the Rule requires a reporting issuer to report volumes and values at the first point of sale of the particular product type, unless that point is not relevant, in which case, the reporting issuer can select a point of measurement prior to the first point of sale.

6. *Abandonment and Reclamation Costs*

CSA staff have observed, and have received commentary from industry about, inconsistency in the determination of what constitutes abandonment and reclamation costs for the purpose of the annual oil and gas disclosure.
The Amendments clarify what constitutes abandonment and reclamation costs and require the disclosure of both abandonment costs and reclamation costs in the future net revenue disclosure and in the significant factors or uncertainties disclosure in the statement prepared in accordance with Form 51-101F1.

7. *Reserves Presentation*

The introduction of IFRS 11 highlighted the need for changes to the requirements in respect of the presentation of reserves data in the statement prepared in accordance with Form 51-101F1.

The Amendments point to the COGE Handbook for the purpose of determining ownership and allow for flexibility in the manner of presenting resources for which a reporting issuer does not have control.

8. *Other Amendments*

The amendments also clarify areas that have given rise to confusion, such as

- the requirement to obtain consent of the independent qualified reserves evaluator as it relates to the report prepared in accordance with Item 2 of section 2.1,
- the date on which the independent qualified reserves evaluator or auditor is responsible for changes in the reporting issuer's reserves data, and
- the disclosure required when a reporting issuer has no reserves.

Questions

Please refer questions to any of the following:

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ANNEX A

LIST OF WRITTEN COMMENTERS

Proposed Amendments to National Instrument 51-101
Standards of Disclosure for Oil and Gas Activities

Request for Comment October 17, 2013

COMMENTER	REPRESENTATIVE	DATE
Canadian Natural Resources Limited	Lyle Stevens Arthur Faucher	February 7, 2014
Canadian Oil Sands Limited	Robert P. Dawson	January 17, 2014
Cenovus Energy Inc.	Ivor M. Ruste	January 9, 2014
Gaffney, Cline & Associates	Rawdon J. H. Seager	February 7, 2014
Geoscientists Canada	Greg Vogelsang	January 17, 2014
GLJ Petroleum Consultants Ltd.	Keith M. Braaten	January 17, 2014
Husky Energy Inc.	Janice Knoechel Fred Au-Yeung	February 5, 2014
Imperial Oil Limited	Mark D. Taylor	January 16, 2014
Joan Simmins	Joan Simmins	January 17, 2014
Norton Rose Fulbright Canada LLP	Eric Geppert	January 17, 2014
RPS Energy Canada Ltd.	Brian D. Weatherill	January 17, 2014
Suncor Energy Inc.	Jolienne Guillemaud	January 17, 2014
Talisman Energy Inc.	Robert R. Rooney	January 15, 2014

ANNEX B

AMENDMENTS TO NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL & GAS ACTIVITIES

Summary of Comments and CSA Responses

Item	Subject	Summarized Comment	CSA Response
Comments in response to questions in CSA Notice dated October 17, 2013			
1. Disclosure of estimates prepared under an alternative resource evaluation system (Question 1) The proposed amendments would permit an issuer to disclose reserves prepared in accordance with, for example, the SEC regime supplementary to reserves disclosed under NI 51-101. Do you support the proposal to permit the supplementary disclosure of reserves prepared under a regime comparable to the COGE Handbook, as is set out in proposed section 5.18 of NI 51-101? Please explain your views.			
Proposed section 5.18 of NI 51-101	General Comments For	Five commenters support the proposal to allow supplementary disclosure of an evaluation under an alternative resources evaluation standard. Their reasons include the following: • The number of issuers subject to reporting in multiple jurisdictions and the close economic ties between Canada and, for example, the United States make it important for disclosure under other similar standards to be permitted. • Providing a mechanism to disclose reserves in accordance with other standards provides greater comparability between Canadian and foreign issuers' oil and gas disclosure. • This will allow reporting issuers the ability to meet the needs of multiple stakeholders more effectively.	We thank the commenters for their input.
	General Comments Against	One commenter does not support the requirement to disclose additional information for an estimate prepared under an alternative resources	We thank the commenter for their input, however, NI 51-101 adopts the COGE Handbook as the standard for the classification and evaluation of resources. The COGE Handbook enables greater comparability and

Item	Subject	Summarized Comment	CSA Response
		evaluation standard. Their reason is that it is excessive to have companies duplicate effort when they have already prepared a reserve estimate in a format that is comparable to COGE Handbook.	predictability between resource estimates. To the extent an estimate of resources has not been classified and evaluated in accordance with the COGE Handbook, investors must be made aware of the differences.
	Questions Regarding Application	One commenter asked what obligation does a 40-F filer have relative to the proposed disclosure requirements for the public disclosure of a reserves estimate under an alternative resources evaluation standard.	Under section 5.18 of NI 51-101 a reporting issuer may disclose a resource estimate using a standard other than that set out by COGE Handbook. If a reporting issuer is required by the local regulator to provide disclosure under another standard, for example, in order to access the capital markets of that standard, then disclosure of the estimate would be "required" for the purpose of the amendments. If a reporting issuer is not required by the local regulator to provide, for example, disclosure of reserves prepared under an alternate standard in its disclosure documents, the disclosure of the estimate would "not be required" for the purpose of the amendments. A reporting issuer should obtain legal advice to whether in its circumstances it is required to provide the required disclosure.
	Questions Regarding Reconciliations	One commenter asked if an arithmetic reconciliation of an estimate prepared under the alternative resources evaluation standard to the estimate prepared under the COGE Handbook would be required.	An arithmetic reconciliation of the alternate disclosure and NI 51-101 disclosure is not required.
2. Do you support the removal of the requirement to disclose information by production group (Question 2) The proposed amendments eliminate the requirement to disclose a reporting issuer's reserves data by production group. Do you support the removal of the requirement to disclose reserves data by production group? Please explain your views.			
Repealed paragraph 1.1(u) of NI 51-101, removal of requirement from paragraph 3(c) of item 2.1 of Form 51-101F1	Support production group removal	6 commenters support the proposal to remove the requirement to disclose the net present value of future net revenue by production group. Their reasons include the following: • Removing the concept of production group and using qualifying definitions will better define the actual resource potential. • The proposal brings consistency with other elements of reporting which are based on product type.	We thank the commenters for their input.

Item	Subject	Summarized Comment	CSA Response
	Reduction of number of product types	Three commenters suggested that we reduce the total number of product types and specifically allow reporting issuers to combine similar product types if reasonable. For example, when a reporting issuer produces gaseous hydrocarbons, since costs do not vary materially due to differing origins of natural gas, or multiple liquid product types from the same field.	We thank the commenter for the input, however, product types are included to describe both the physical product and the source in an attempt to capture the following comparability factors: • The same physical product attracts the same price (adjusted for quality and transport costs) whatever the source, but • Different sources have significantly different cost and risk profiles, and production characteristics. Having multiple "product types" provides an investor with a more comprehensive picture rather than having the general product types "oil" or "gas". Reducing the number of product types is outside of the scope of these proposed amendments. The separation of conventional natural gas, coal bed methane, synthetic gas and shale gas, into different product types provides an investor with information on some of the differences in cost and risk profiles and production characteristics.
	Question about condensate	One commenter asked if the definition of light crude oil includes condensates.	We thank the commenter for the question. In paragraph 1.1(q.2) the definition of natural gas liquids includes condensates. Light crude oil, for the purpose of product types in NI 51-101, does not include condensates.
	Removal of unit values	One commenter suggested that unit values should be removed.	We thank the commenter for the input, however, the removal of unit values is outside of the scope of the changes contemplated by the proposed amendments.
	Comment on NGLs	One commenter suggested that NGLs are a by-product and should be combined with oil or gas.	We thank the commenter for the input. In addition to the required product type disclosure, paragraph 1.1(3)(c) of the Form 51-101F1 requires the disclosure of product types with their associated by-products, which for oil or gas, may include NGLs.
	Clarification of bitumen definition	Several commenters identified a potential overlap between the definitions of heavy crude oil and bitumen.	We thank the commenters for their input. We have amended the definition of "bitumen" to include the concept of bitumen being "solid or semi-solid" and that "it is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods."
	Re-inclusion of shale oil as a product type	One commenter stated that shale oil should be included as a product type.	We thank the commenter for the input. We have revised the proposed amendments to include tight oil as a product type, which includes shale oil.

Item	Subject	Summarized Comment	CSA Response
3 The requirement to provide low, best and high estimates of volume and net present value of future net revenue in respect of any contingent resources or prospective resources included in the annual statement of reserves data (Question 4) A reporting issuer that includes contingent resources and/or prospective resources is not currently required to have those estimates prepared by an independent qualified reserves evaluator. Do you support the requirement in proposed item 2 of section 2.1 of NI 51-101 for an independent qualified reserves evaluator to evaluate or audit any contingent resources or prospective resources included in the annual statement of reserves data? Please explain your views. Do you support the requirement in proposed paragraph 4 of item 2.1 of Form 51-101F1 to provide low, best and high estimates of volume and net present value of future net revenue in respect of any contingent resources or prospective resources included in the annual statement of reserves data? Please explain your views.			
Part 7 of Form 51-101F1	General comments for requirement to provide low, best, high estimates	3 commenters support the proposed requirement to provide low, best, high estimates.	We thank the commenters for their input, however, we have removed the proposed requirement to disclose low and high estimates in addition to the best estimate. Nevertheless, if a reporting issuer discloses a high estimate, the low estimate must also be disclosed as required by section 5.17 of NI 51-101.
	General comments against requirement to provide low, best, high estimate	6 commenters do not support the requirement to disclose the low and high estimates in addition to the best estimate. Their reasons include the following: • Disclosure of the medium or 'best' estimate of volume is sufficient. • Certain reporting issuers may consider this requirement as onerous. • Estimates may vary widely due to limited information.	We thank the commenters for their input. We have amended the requirement relative to the optional contingent and prospective resources disclosure in the statement prepared in accordance with Form 51-101F1 to only require disclosure of the 2C estimate for contingent resources or the best estimate for prospective resources. However, if a 3C or high estimate is disclosed, section 5.17 of NI 51-101 requires that the 1C or low estimate also be disclosed.
	IQRE requirement	Two commenters inquired whether an exemption will be available from the requirement to have an independent evaluation or audit of any contingent resources or prospective resources included in the annual statement of reserves data.	We thank the commenters for the question. The CSA has granted relief from the requirement for the annual preparation of an evaluation or audit by an independent qualified reserves evaluator to reporting issuers that have been able to establish that they have: (a) qualified reserves evaluators and auditors within the meaning of NI 51-101; (b) a well-established reserves evaluation process that is at least as rigorous as would be the case were it to rely upon independent reserves evaluators or auditors; and (c) implemented a technical quality assurance program in connection with the preparation of its internally generated reserves data.

Item	Subject	Summarized Comment	CSA Response
			CSA staff are willing to consider relief for reporting issuers that are able to make the same representations in respect of their resources other than reserves data.
		Two commenters suggested that the independent qualified reserves evaluator (IQRE) requirement should only be required for "development pending" contingent resources and that making this a requirement for contingent resources and prospective resources disclosed in Form 51-101F1 seems onerous and may not be necessary if competent staff are completing the assessments.	We thank the commenter for their input. The IQRE requirement ensures that if a reporting issuer elects to disclose contingent resources and prospective resources in an appendix to its statement prepared in accordance with Form 51-101F1, those estimates are subject to the same rigour and technical quality assurance as the reserves estimates included in the Form 51-101F1 disclosure. A reporting issuer is not required to engage an IQRE for disclosure made outside of the required annual statement. In addition, the internal qualified evaluator of the reporting issuer can evaluate the resources and volumes and values audited by an IQRE.
		One commenter stated that an IQRE may not have enough information at early stages if license terms are not fully defined.	We thank the commenter for the input. If a reporting issuer discloses contingent or prospective resources in an appendix to its statement prepared in accordance with Form 51-101F1, section 3.2 and 3.3 of NI 51-101 impose an obligation on the reporting issuer to provide "all information reasonably necessary to enable the qualified reserves evaluators or auditors to provide a report that will satisfy the applicable requirements of this Instrument", which includes the requirement to be prepared in accordance with the COGE Handbook.
		One commenter suggested that an IQRE should only be required to evaluate or audit 75% of resources other than reserves and no need for review on the remaining 25%.	We thank the commenter for the input, however, disclosure of contingent and prospective resources in the statement prepared in accordance with Form 51-101F1 is voluntary. If a reporting issuer includes disclosure of contingent resources or prospective resources at its own discretion, it may provide those estimates in respect of one or several of its properties. This flexibility requires that all contingent resources and prospective resources optionally included in an appendix to the Form 51-101F1 be prepared by an IQRE or IQRA.
	Estimates of prospective and contingent resources	Several commenters suggested that prospective resource estimates need to be risked, and that specific guidance should be included as to how risk should be incorporated into estimates.	We thank the commenters for their input. Where an estimate of volume or value of prospective resources is disclosed, paragraph 5.9(1)(d) of NI 51-101 requires a reporting issuer to disclose, in writing, the "risks and the level of uncertainty associated with recovery of the resources." We have included specific directions in the Form 51-101F1 to clarify that for the purpose of optional annual disclosure, when contingent resources or prospective resources are disclosed, a numeric quantification of the risks

Item	Subject	Summarized Comment	CSA Response
			is required and the risked estimates must be provided. We have updated the requirement in Form 51-101F1 to clarify that if contingent resources and prospective resources are optionally disclosed in an appendix to the statement prepared in accordance with Form 51-101F1, a quantification of, and explanation of the method for arriving at, the chance of discovery and chance of development are required. NI 51-101 is primarily focused on disclosure of reserves data. The techniques and evaluation and audit practices required to carry out a reserves or resources other than reserves evaluation are collectively governed by the COGE Handbook, the obligations imposed by professional organizations, as defined by NI 51-101, and best industry practices on the subject.
	Disclosure of NPV for contingent and prospective resources	Several commenters recommended that for contingent resources, they may disclose NPV for development pending and on-hold in some cases. For development not viable, sub-economic or unrecoverable, commenters suggested disclosing volumes only. For prospective resources, commenters suggested disclosing NPV or analog minimum economic field size. Additionally commenters suggested that economic and sub-economic resources should be disclosed separately and prospective resources should be risked for chance of discovery or perhaps show both unrisked and risked in Form 51-101F2.	We thank the commenters for their input. We have revised the presentation and clarified the requirements related to the optional disclosure of contingent resources and prospective resources in response to the valid concerns raised in respect of the disclosure of the net present value of future net revenue of contingent resources and prospective resources in the statement prepared in accordance with Form 51-101F1. Optional presentation of contingent resources and prospective resources as a part of the required annual filing may now only be made as an appendix to the Form 51-101F1. The disclosure must be classified according to the most specific sub-classes set out in the COGE Handbook, which have been refined in chapter 2 of volume 2. To highlight the difference between reserves and resources other than reserves, additional cautionary language for the estimates of value is now required. In addition, rather than net present value, the disclosure of risked net present value of future net revenue will instead be required for contingent resources in the development pending project maturity sub-class (see section 10.2 of volume 1 and section 5.8.1 of volume 2 of the COGE Handbook). The ability to disclose contingent resources and prospective resources is increasingly important for reporting issuers at early stages with a need to express the potential of the interests they hold in their oil and gas assets. We have seen an increase in the disclosure of contingent resource volumes and values in the required annual disclosure of reporting issuers. We continue to be of the view that the disclosure of contingent resources and prospective resources without providing information as to its

Item	Subject	Summarized Comment	CSA Response
			economic viability can be misleading. We are of the view that providing the risked net present value of future net revenue for contingent resources in the development pending project maturity sub-class and prospective resources volumes optionally disclosed in the annual statement will assist an investor "in reaching an opinion on the merit and likelihood of the company proceeding with the required investment." (see section 5.8.1 of the COGE Handbook volume 2). Balancing the benefit to certain reporting issuers in having the ability to provide disclosure of volumes of contingent and prospective resources and values of contingent resources in the development pending project maturity sub-class against an investor's need to appreciate the value of a particular property or group of properties to the reporting issuer, requires something more than the prohibition of the disclosure of contingent resources and prospective resources and something less than the ability to allocate value to those properties without a framework to properly account for how the reporting issuer arrived at that value. By replacing the requirement for net present value of future net revenue with a risked net present value of future net revenue in the development pending project maturity sub-class of contingent resources, investors should have enough information to determine whether the volumes allocated to a particular project are realizable while allowing the reporting issuer to speak to potential. Other than for contingent resources in the development pending project maturity sub-class, we are no longer requiring the disclosure of the value of contingent and prospective resource values when a volume is optionally disclosed as a part of the Form 51-101F1 disclosure. This is in response to a concern over the uncertainty associated with these estimates and the potential for misunderstanding by a reader of the document. A reporting issuer may disclose estimates of volume and value of contingent resources other than those in the development pending project maturity sub-class and of prospective resources as a part of its annual disclosure, however, the reporting issuer should consider whether the level of uncertainty associated with the particular estimate is of such a degree to make that estimate misleading if used in the context of the Form 51-101F1.
		Several commenters suggested that poorly defined development and marketing plans may lead to misleading	We thank the commenters for their input. We have revised item 5.9(2)(d)(iii.1)(A) of NI 51-101 to clarify that the estimated total capital requirements to achieve production and a

Item	Subject	Summarized Comment	CSA Response
		disclosures. The commenters noted that values for contingent and prospective resources are dependent on significant factors such as recovery technology, market access and development plans, costs and schedule, which have the potential for significant variations in the assumptions around those factors among various parties assigning a value to a resource. Additionally, commenters noted that the requirement to provide detailed descriptions of development projects associated with disclosed contingent and prospective resources will be unduly onerous for reporting issuers with contingent resources and prospective resources located in multiple accumulations, each requiring its own development plan, even though the descriptions may provide limited useful information. Several commenters stated that significant uncertainties are involved with long term contingent resource and prospective resource estimates and the requirement for NPV of prospective and contingent resources should be removed.	general timeline of the project, including the estimated date of first production must be disclosed along with the contingent or prospective resources estimate. An investor will be able to assess the particular estimate against the information disclosed by the reporting issuer about the project. In addition to the disclosures required by section 5.9 of NI 51-101, refinement to the classification framework in the COGE Handbook will allow for more specific contingent resource and prospective resource sub-classes which reflect the stage of development. Information regarding recovery technology, market access, development plans, costs and schedule would be required to be disclosed if a reporting issuer optionally discloses contingent or prospective resources. An estimate of contingent resources or prospective resources is made as of an effective date. Disclosure about the project at the effective date, allows an investor to assess the validity of the estimates and the likelihood that the reporting issuer would actually develop the contingent or prospective resources. The omission of this information could mislead an investor about the potential represented in contingent or prospective resources estimates. Other than for contingent resources in the development pending project maturity sub-class, we are no longer requiring the disclosure of the value of contingent and prospective resource values when a volume is optionally disclosed as a part of the Form 51-101F1 disclosure. This is in response to a concern over the uncertainty associated with these estimates and the potential for misunderstanding by a reader of the document. A reporting issuer may disclose estimates of volume and value of contingent resources other than those in the development pending project maturity sub-class and of prospective resources as a part of its annual disclosure, however, the reporting issuer should consider whether the level of uncertainty associated with the particular estimate is of a sufficient degree to make that estimate misleading if used in the context of the Form 51-101F1. If a reporting issuer is unable to comply with section 5.9 of NI 51-101 or the disclosure requirements of the Form 51-101F1 because there is not enough detail or certainty around the project, then the reporting issuer should consider whether it would be misleading to include the contingent or prospective resource estimates in annual disclosure.

Item	Subject	Summarized Comment	CSA Response
		One commenter suggested that contingent resources should be disclosed separately in Appendix 1.	We thank the commenter for the input. We have revised the presentation of the Form 51-101F1 to require the presentation of the optional disclosure of contingent resources and prospective resources in an appendix to the Form 51-101F1 or the annual information form.
		Some commenters stated that the new provisions require issuers to ascribe economic value to resources (that are not themselves required to be economic), which could result in misleading or confusing disclosures caused by issuers ascribing vastly different economic values to contingencies depending on their circumstances.	We thank the commenters for their input. We have changed the requirement for net present value of future net revenue to a requirement to disclose the risked net present value of future net revenue of contingent resources in the development pending project maturity sub-class. If a reporting issuer optionally discloses a volume of contingent resources in the development pending project maturity sub-class that has a negative risked net present value of future net revenue in its statement prepared in accordance with Form 51-101F1, it would be important for an investor to understand the extent to which the contingent resources are negative as it suggests the likelihood of the development of contingent resources. A reporting issuer may disclose estimates of volume and value of contingent resources other than those in the development pending project maturity sub-class and of prospective resources as a part of its annual disclosure, however, that disclosure will be subject to the prohibition against misleading statements. An estimate may be misleading for the purpose of the required annual disclosure if the estimate is highly uncertain.
		One commenter suggested that the requirement to disclose NPV of FNR may cause certain reporting issuers to consider it enough reason to re-consider the merits of listing as a public company in Canada.	We thank the commenter for the input. The disclosure of contingent and prospective resources is optional. If a reporting issuer seeks to establish its potential to its investors on the basis of its contingent resources and prospective resources and elects to disclose that potential in the statement prepared in accordance with the Form 51-101F1, those estimates should be subject to the same rigour as reserves data and provide sufficient information to an investor to allow an investor to fully assess the potential being represented in the reporting issuer's contingent and prospective resources.
	Guidelines for disclosing contingent and prospective resources	One commenter suggested that COGE Handbook volume 2, chapter 2 may not provide sufficient guidelines to ensure consistent disclosure of all resources.	We thank the commenter for the input. Chapter 2 of volume 2 of the COGE Handbook requires that "evaluators must rely on their professional expertise and experience, be accountable for their interpretations and professional judgments and provide clear and complete documentation for their work." Under the current version of NI 51-101 reporting issuers can disclose both or either of contingent and prospective resources volumes and values with minimal guidance. The new guidelines enhance the classification

Item	Subject	Summarized Comment	CSA Response
			framework and provide additional guidance to evaluators in classifying and categorizing contingent and prospective resources.
		One commenter stated that the reporting issuer should disclose the relative quality of the development plan and associated cost estimates.	We thank the commenter for the input. The refinements to the classification framework in the COGE Handbook provide an indication as to the stage of development of the particular estimate. In addition, under item 5.9(2)(d)(iii.1)(D) of NI 51-101, reporting issuers will be required to disclose whether the project is based on a conceptual or pre-development study. Prior to including an estimate of contingent or prospective resources in the statement prepared in accordance with Form 51-101F1, a reporting issuer is required to provide all information reasonably necessary to enable the qualified reserves evaluator or auditor to provide a report that will satisfy the applicable requirements of NI 51-101.
4. The requirements to disclose the standard, methodology and meaning of the disclosed metric (Question 5) When a reporting issuer discloses an oil and gas metric, the proposed amendments would require the reporting issuer to disclose the standard, methodology and meaning of the disclosed metric, and if there was no identifiable standard, the parameters used in calculating the oil and gas metric and a cautionary statement. Do you support the proposed amendment to section 5.14 of NI 51-101 to impose the above described disclosure-based approach to oil and gas metrics such as BOEs, finding and development costs, netbacks, etc.? Please explain your views.			
Section 5.14 of NI 51-101	General comments for disclosure-based approach to oil and gas metrics	6 commenters support the proposed requirements to disclose the standard, methodology and meaning of the disclosed metric.	We thank the commenters for their input.
	Equivalency	One commenter agreed with the proposal, however recommended retaining 6 Mcf = 1 BOE for reporting equivalency.	We thank the commenter for the input. We have provided guidance in the Companion Policy to 51-101 which describes a method of providing disclosure on BOEs. The COGE Handbook states: Reserves quoted in BOE calculated using a conversion of 6:1 *Mcf/BOE* generally overstate the reserves of a company, but it is currently the most commonly used method in the industry. The best approach to considering investment alternatives is not to use BOE conversions at all.
5. Marketability of Production & Reserves			
Section 5.4 and 5.5 of NI 51-101	Point of sale	One commenter stated that the new provisions should not be interpreted to prevent the booking of NGLs subject to Aux Sable agreements as reserves. Another commenter stated that	We thank the commentor for the input. The proposed amendment to section 5.4 of NI 51-101 maintains the concept that the value assigned to reserves should be determined at the point at which the particular product type is to be or was sold. The alternate reference point allows reporting issuers to have a point, prior to the first point of sale, at which it would be

Item	Subject	Summarized Comment	CSA Response
		there are challenges with determining the proper future net revenue that would be attributed to the wet gas stream at the delivery point into a system, and that the future net revenue determined at the delivery point into the system may be misleading and not be aligned with the issuer's financial disclosure.	appropriate to allocate value. This does not, however, permit the allocation of value after the first point of sale. To clarify that product types must be recovered before the first point of sale or alternate reference point, we have re-inserted section 5.5 of NI 51-101. The responsibility for ensuring public disclosure of future net revenue is not misleading falls on the reporting issuer and its independent qualified reserves evaluator (for more detail, see section 2 of CSA Notice 51-327).
6. Abandonment and Reclamation Costs			
Sections 1.1(n.3) and (z.01) of NI 51-101, and item 5.2 of Form 51-101F1	Distinction between abandonment and reclamation costs	One commenter suggested we not separate abandonment and reclamation costs, but allow issuers to continue to disclose on a combined basis and footnote as such, particularly where a reporting issuer's estimate of either abandonment costs or reclamation costs is less than a certain percentage (eg. 20%) of the whole.	We thank the commenter for the input. We have revised the definition of abandonment and reclamation costs and have revised the sample table included in the Companion Policy to clarify that the abandonment and reclamation costs may be disclosed together.
	Abandonment and reclamation costs – offshore and scope	One commenter stated that the reclamation costs definition does not contemplate offshore costs. Additionally, a commenter suggested that a definition for "in the vicinity of the well" and "land" is required. A commenter suggested that the definition of reclamation costs should be amended to better define its scope, and in particular, whether it is meant to extend to costs beyond well-related reclamation costs.	We thank the commenters for the input. We have revised the definition of abandonment and reclamation costs to clarify that the reporting obligation applies to a "property that has been disturbed by oil and gas activities", which by definition are activities prior to the first point of sale.
	Evaluation by IQRE	One commenter suggested we not repeal item 6.4 of Form 51-101F1 because reserves evaluations only include well abandonment costs. Other abandonment and reclamation costs should be disclosed separately. The commenter suggested that the repeal of 6.4 means that abandonment and reclamation costs associated with properties and wells with no assigned resources, all pipelines, and	We thank the commenter for the input. We will repeal item 6.4 of Form 51-101F1. Since its implementation in 2003, reporting issuers have been required for the purpose of annual disclosure under NI 51-101 to calculate the net present value of future net revenue using both abandonment and reclamation costs. Disclosure of a reporting issuer's obligations relative to the abandonment of pipelines and facilities not included at the field level would be available in the financial statements of the reporting issuer. Section 4.5 of the COGE Handbook volume 1

Item	Subject	Summarized Comment	CSA Response
		facilities not located on the well site will not be included in the reporting issuer's disclosure. The commenter noted that IQREs are not qualified to address total field abandonment and reclamation costs. The commenter asked if IQREs would be allowed to rely on estimates provided by the reporting issuer.	requires an evaluator to take certain measures to reduce the likelihood that data not prepared by the independent qualified reserves evaluator is erroneous or unrepresentative. The COGE Handbook states that "one or more cross checks or other tests can confirm the reasonableness and completeness of client provided information". A cross check that may be of assistance in respect of reclamation costs could be to request the "cooperation and assistance from the company's independent financial auditor." The reporting issuer is obliged on a regular basis to revise its estimates regarding asset retirement obligations, making the financial auditor a potential resource to the evaluator. Another cross check may be for the evaluator to compare information provided by the reporting issuer with guides provided by regulators in the jurisdiction in which the reclamation costs will accrue. For example, in Alberta and Saskatchewan, regulators have estimated abandonment and reclamation costs for different regions in the province.
	Disclosure in audited financial statements	One commenter suggested that the current disclosure of abandonment and reclamation costs in audited financial statements is adequate and that further evaluation of these costs would be redundant.	We thank the commenter for the input. The asset retirement obligations included in financial statements only include existing wells and facilities; they do not include retirement obligations for "planned wells", see 7.6.4 of the COGE Handbook volume 1. Abandonment costs are also used to test the economics of the undeveloped properties.
	Abandonment and reclamation costs at the asset level	Two commenters wanted clarification on whether abandonment and reclamation costs need to be applied at the asset level (including contingent and prospective resource projects).	Our view is that abandonment and reclamation costs are only included at the company level, which is compatible with accounting requirements.
	Location of abandonment and reclamation costs disclosure	One commenter requested clarification on where abandonment and reclamation costs with depleted and / or non-productive assets would be included.	If reserves are not assigned to the depleted or non-productive assets, generally speaking, the abandonment and reclamation costs would no longer be included in the required annual oil and gas disclosure, but would presumably continue as an asset retirement obligation in the reporting issuer's financial statements.
	Clarification of abandonment and reclamation costs	One commenter requested clarification on whether abandonment and reclamation costs should include future leases, wells and facilities or should they be restricted to existing abandonment and reclamation liabilities.	Abandonment and reclamation costs should include both existing and future leases, wells and facilities. Abandonment and reclamation costs for the purpose of NI 51-101 are based on the regulations of the jurisdictions within which a reporting issuer carries out oil and gas activities.

Item	Subject	Summarized Comment	CSA Response
7. Other Amendments			
Other Amendments	Removal of consent	One commenter agreed with removal of section 5.7 consent.	We thank the commenter for the input.
	Effective date of evaluation by evaluator	One commenter agreed with the change to Form 51-101F2 for evaluators to take responsibility only in respect of events up to the effective date of the evaluation.	We thank the commenter for the input.
	Canadian Professional Organization	One commenter noted that the Association of Professional Geoscientists of Nova Scotia is not listed as a Canadian Professional Organization.	We thank the commenter for the input. The Association of Professional Geoscientists of Nova Scotia has now been included in the Companion Policy.
	Definition of conventional natural gas in section 1.1(f.2) of NI 51-101	One commenter suggested revising the definition of conventional natural gas since it does not fit tight gas such as Montney.	We thank the commenter for the input, we have revised the definition of conventional natural gas to align with the definition of conventional resources in chapter 2 of COGE Handbook volume 2 as follows: Conventional natural gas means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features.
	Relative density in section 1.1(n.5) of NI 51-101	One commenter suggested the addition of the word “relative” before “density” since API gravity is not a measure of density.	We thank the commenter for the input. We have revised the definitions to refer to “relative density”.
	Clarification of conceptual study in section 5.9(2)(d)(iii.1)(C) of NI 51-101	One commenter suggested the wording of 5.9(a)(iii.1)(C) is awkward. The commenter suggested adding “based on” before “a conceptual”. The commenter stated that the difference between a conceptual and pre-development study is not clear.	We thank the commenter for the input. Describing the project level of detail provides an indication of the reliability of an evaluation at various stages of maturity. A conceptual study is the initial stage in the development of a project scenario, with limited detail and typically based on limited information. A pre-development study is an intermediate step in the development of a project evaluation scenario, where the level of economic analysis is sufficient to assess development options and overall project viability, but is insufficient for making a final investment decision. These concepts are described in greater detail in chapter 2 of the COGE Handbook volume 2.
	Preparation date in item 1.1.3 of Form 51-101F1	One commenter questioned whether references to preparation date are still necessary.	We thank the commenter for the input. The preparation date is necessary because, as is described in Instruction (3) to item 1.1 of Form 51-101F1, it takes time after the end of the financial year to assemble the information for that completed year that is needed to prepare

Item	Subject	Summarized Comment	CSA Response
			the required disclosure as at the end of that financial year.
	Reserves volume disclosure in section 5.1 of Form 51-101F1	One commenter noted the disclosure of first attributed reserves volume is not meaningful to investors.	We thank the commenter for the input. The removal of first attributed is outside of the scope of the changes currently being contemplated by the proposed amendments.
	Proved undeveloped reserves in section 5.1.1 of Form 51-101F1	One commenter suggested replacing “not planning to develop” with “deferring the development” creates a sentence that does not make sense.	We thank the commenter for the input. We have revised item 5.1.1 of Form 51-101F1 as follows: discuss generally the basis on which the *reporting issuer* attributes *proved undeveloped reserves*, its plans (including timing) for developing the *proved undeveloped reserves* and, if applicable, its reasons for deferring the development of particular *proved undeveloped reserves* beyond two years.
	Commerciality under Part 7 of Form 51-101F1	One commenter suggested that the summation of an economic project with a sub-economic project would be misleading.	We thank the commenter for the input. We agree that sub-classes should not be summed but should be reported separately due to variations in chance of commerciality. We have revised the proposed disclosure with Part 7 of Form 51-101F1 and the appendix to the Companion Policy.
	Definition of field	One commenter noted the term “field” is not defined.	We thank the commenter for the input. Clarification on our interpretation of the term “field” is provided in section 5.8 of the companion policy to NI 51-101.
	First attributed PUD and PbUD in the aggregate	One commenter supported the requirement to remove the aggregate first attributed PUD and PbUD.	We thank the commenter for the input and this revision is incorporated into the amendments to *NI 51-101*
	Risked net present value of future net revenue	One commenter stated it is not clear whether other elements of future net revenue for contingent and prospective resources must be reported.	We thank the commenter for the input. Disclosure of the risked net present value of future net revenue of contingent resources and prospective resources does not require a similar breakdown as required for reserves under item 3(b) of 2.1 of Form 51-101F1.

ANNEX C

SUMMARY OF CHANGES FROM THE PROPOSED AMENDMENTS PUBLISHED FOR COMMENT ON OCTOBER 17, 2013

The information below summarizes the differences between the proposed Amendments published by the CSA for the comment period on October 17, 2013 and the Amendments published in conjunction with this Notice.

NI 51-101 *Standards of Disclosure for Oil and Gas Activities*

- We have combined the definitions of abandonment costs and reclamation costs
- We have refined the definition of bitumen to create a clearer boundary between it and heavy crude oil
- We have included the concept of risking the estimates in the definitions of contingent resources data and prospective resources data
- We have included tight oil as a product type in response to public comments – tight oil includes “shale oil”, which is a product type under the current version of NI 51-101
- We have re-inserted section 5.5 of NI 51-101 in order to respond to uncertainty over the point at which natural gas liquids can be included in reserves
- We have refined 5.9(2)(d)(iii.1) to allow reporting issuers to provide disclosure on key information related to projects without requiring an unnecessary level of detail

Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*

- In response to commentary from industry and revisions to the *COGE Handbook*, we will require that all resources other than reserves disclosure a reporting issuer optionally disclosed as a part of the statement and reports required under the Annual Disclosure Requirements be:
    - included in an appendix to a statement of the reserves data and other information filed under item 1 of section 2.1 of NI 51-101
    - risked for chance of discovery and chance of development, as applicable, for both volumes and values
- We will no longer require the disclosure of values for classes and categories of resources other than reserves other than contingent resources in the development pending project maturity sub-class, when these resources are optionally disclosed. Staff is of the view that the additional disclosure requirements and refinement to the classification framework and additional evaluation guidance in the COGE Handbook will provide a reader of the disclosure with needed information about the likelihood of actual recovery of the volumes disclosed
- We have required additional disclosure around the risk and uncertainty of the estimate when values are disclosed for contingent resources and prospective resources for any project maturity sub-classes other than development pending when those values are disclosed within the statement or reports required by the Annual Disclosure Requirements

Form 51-101F2 *Report on [Reserves Data]][,][Contingent Resources Data][and][Prospective Resources Data] by Independent Qualified Reserves Evaluator or Auditor*

- We revised the form to incorporate and parallel the changes made to NI 51-101 *Standards of Disclosure for Oil and Gas Activities* and the changes to Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*

Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*

- We revised the form to incorporate and parallel the changes made to NI 51-101 *Standards of Disclosure for Oil and Gas Activities* and the changes to Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*

Companion Policy 51-101 *Standards of Disclosure for Oil and Gas Activities*

- We have updated the list of Canadian Professional Organizations and Other Professional Organizations in section 1.1(5)
- We have provided guidance on when disclosure is required for the purpose of disclosure under an alternative resources evaluation standard
- We added section 2.7(4.1) to provide guidance on preparing and disclosing estimates of contingent resources and prospective resources
- We added guidance in section 2.7(7) on the need to disclose incidents that led to a significant decrease in the volume of production, in particular as it relates to theft and sabotage
- We added guidance on the disclosure of natural gas liquids reserves in section 5.4
- We emphasized that risked future net revenue is not an indication of fair market value in section 5.5
- We provided guidance on interpreting the term field in section 5.8
- We updated the sample disclosure in Appendix 1 to parallel the changes to NI 51-101 and Form 51-101F1

ANNEX D

AMENDMENTS TO
NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

1. National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities is amended by this Instrument.

2. Section 1.1 is amended by

(a) deleting the paragraph numbering scheme;

(b) adding the following definitions:

"*abandonment and reclamation costs*" means all costs associated with the process of restoring a *reporting issuer's property* that has been disturbed by *oil and gas activities* to a standard imposed by applicable government or regulatory authorities;

"*alternate reference point*" means a location at which quantities and values of a *product type* are measured before the *first point of sale*;

"*bitumen*" means a naturally occurring solid or semi-solid *hydrocarbon*

(a) consisting mainly of heavier *hydrocarbons,* with a viscosity greater than 10,000 millipascal-seconds (mPa·s) or 10,000 centipoise (cP) measured at the *hydrocarbon's* original temperature in the *reservoir* and at atmospheric pressure on a gas-free basis, and

(b) that is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods;

"*by-product*" means a substance that is recovered as a consequence of *producing* a *product type*;

"*coal bed methane*" means *natural gas* that

(a) primarily consists of methane, and

(b) is contained in a coal deposit;

(c) replacing the definition of "*COGE Handbook****" with the following:***

"*COGE Handbook*" means the "Canadian Oil and Gas Evaluation Handbook" maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time;

(d) adding the following definitions:

"contingent resources data" means

(a) an estimate of the volume of *contingent resources*, and

(b) the *risked* net present value of *future net revenue* of *contingent resources*;

"*conventional natural gas*" means *natural gas* that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete *accumulations* by seals that may be formed by localized structural, depositional or erosional geological features;

"*first point of sale*" means the first point after initial *production* at which there is a transfer of ownership of a *product type*;

"*Form 51-101F5*" means Form 51-101F5 *Notice of Ceasing to Engage in Oil and Gas Activities*;

"*future net revenue*" means a forecast of revenue, estimated using *forecast prices and costs* or *constant prices and costs*, arising from the anticipated development and production of *resources*, net of the associated royalties, *operating costs*, *development costs*, and *abandonment and reclamation costs*;

"*gas hydrate*" means a naturally occurring crystalline substance composed of water and *gas* in an ice-lattice structure;

"*heavy crude oil*" means *crude oil* with a relative density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity;

"*hydrocarbon*" means a compound consisting of hydrogen and carbon, which, when naturally occurring, may also contain other elements such as sulphur;

"*light crude oil*" means *crude oil* with a relative density greater than 31.1 degrees API gravity;

"*medium crude oil*" means *crude oil* with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity;

"*natural gas*" means a naturally occurring mixture of *hydrocarbon* gases and other gases;

"*natural gas liquids*" means those *hydrocarbon* components that can be recovered from *natural gas* as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates;

(e) replacing the definition of "*oil and gas activities****" with the following:***

"*oil and gas activities*" includes the following:

(a) searching for a *product type* in its natural location;

(b) acquiring *property* rights or a *property* for the purpose of exploring for or removing *product types* from their natural locations;

(c) any activity necessary to remove *product types* from their natural locations, including construction, drilling, mining and production, and the acquisition, construction, installation and maintenance of *field* gathering and storage systems including treating, *field* processing and *field* storage;

(d) producing or manufacturing of *synthetic crude oil* or *synthetic gas*;

but does not include any of the following:

(e) any activity that occurs after the *first point of sale*;

(f) any activity relating to the extraction of a substance other than a *product type* and their *by-products*;

(g) extracting *hydrocarbons* as a consequence of the extraction of geothermal steam;

(f) adding the following definition:

"*oil and gas metric*" means a numerical measure of a *reporting issuer*'s *oil and gas activities*;

(g) repealing of the definition of "*production group****";***

(h) replacing the definition of "*product type****" with the following:***

"*product type*" means any of the following:

(a) *bitumen;*

(b) *coal bed methane*;

(c) *conventional natural gas*;

(d) *gas hydrates*;

(e) *heavy crude oil*;

(f) *light crude oil* and *medium crude oil* combined;

(g) *natural gas liquids*;

(h) *shale gas*;

(i) *synthetic crude oil*;

(j) *synthetic gas*;

(k) *tight oil*;

(i) in the definition of "*professional organization****" replacing "****Canadian jurisdiction****" with "****jurisdiction of Canada****";***

(j) adding the following definition:

"*prospective resources data*" means

(a) an estimate of the volume of *prospective resources*, and

(b) the *risked* net present value of *future net revenue* of *prospective resources*;

(k) in the definition of "*reserves data****" replacing "****; and****" with "****;****";***

(l) adding the following definition:

"*risked*" means adjusted for the probability of loss or failure in accordance with the *COGE Handbook*;

"*shale gas*" means *natural gas*

(a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the *natural gas* is primarily adsorbed on the kerogen or clay minerals, and

(b) that usually requires the use of hydraulic fracturing to achieve economic production rates;

(m) in the definition of "*supporting filing****" by replacing "****.****" with "****;****";***

(n) adding the following definitions:

"*synthetic crude oil*" means a mixture of liquid *hydrocarbons* derived by upgrading *bitumen*, *kerogen* or other substances such as coal, or derived from *gas* to liquid conversion and may contain sulphur or other compounds;

"*synthetic gas*" means a gaseous fluid

(a) generated as a result of the application of an in-situ transformation process to coal or other *hydrocarbon*-bearing rock; and

(b) comprised of not less than 10% by volume of methane;

"*tight oil*" means *crude oil*

(a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the *crude oil* is primarily contained in microscopic pore spaces that are poorly connected to one another, and

(b) that typically requires the use of hydraulic fracturing to achieve economic production rates.

3. Paragraph (b) of item 2 of section 2.1 is replaced with the following:

(b) executed by one or more *qualified reserves evaluators or auditors* each of whom is *independent* of the *reporting issuer* and who must have,

(i) in the aggregate,

(A) *evaluated* or *audited* at least 75 percent of the *future net revenue*, calculated using a discount rate of 10 percent, attributable to *proved* plus *probable reserves*, as reported in the statement filed or to be filed under item 1, and

(B) *reviewed* the balance of that *future net revenue*, and

(ii) *evaluated* or *audited* the *contingent resources data or prospective resources data* reported in the statement filed or to be filed under item 1..

4. Paragraph (B) of item 3(e)(ii) of section 2.1 is replaced with the following:

(B) if the *reporting issuer* has only three directors, two of whom are the persons referred to in subparagraph (i), all of the directors of the *reporting issuer*..

5. Subsection 2.4(1) is amended by

(a) deleting "*on reserves data****",***

(b) inserting "*on reserves data, contingent resources data* or *prospective resources data****" after "****without reservation****", and***

(c) inserting "*, contingent resources data*, or *prospective resources data****" after "****on the *reserves data****".***

6. Section 3.2 is replaced with the following:

3.2 *Reporting Issuer* to Appoint *Independent Qualified Reserves Evaluator* or *Independent Qualified Reserves Auditor*

(1) A *reporting issuer* must appoint one or more *qualified reserves evaluators,* or *qualified reserves auditors*, each of whom is *independent* of the *reporting issuer*, and must direct each appointed evaluator or auditor to report to the board of directors of the *reporting issuer* on the *reserves data* disclosed in the statement prepared for the purpose of item 1 of section 2.1.

(2) If a *reporting issuer* discloses *contingent resources data* or *prospective resources data* in a statement prepared for the purpose of item 1 of section 2.1, the *reporting issuer* must appoint one or more *qualified reserves evaluators* or *qualified reserves auditors* and must direct each appointed evaluator or auditor to report to the board of directors of the *reporting issuer* on all *contingent resources data* and *prospective resources data* included in the statement..

7. Section 3.4 is amended by adding "*, contingent resources data* or *prospective resources data****" after each instance of "****reserves data****".***

8. Section 5.2 is amended by renumbering it as subsection 5.2(1) and by adding the following subsection:

(2) Disclosure referred to under subsection (1) must indicate whether the estimates of *reserves* or *future net revenue* were prepared by an *independent qualified reserves evaluator or qualified reserves auditor*..

9. Section 5.3 is amended by replacing "*categories****" with "****category****".***

10. Section 5.4 is replaced with the following:

5.4 *Oil* and *Gas Resources* and Sales

(1) Disclosure of *resources* or of sales of *product types* or associated *by-products* must be made with respect to the *first point of sale*.

(2) Despite subsection (1), a *reporting issuer* may disclose *resources* or sales of *product types* or associated *by-products* with respect to an *alternate reference point* if, to a reasonable person, the *resources, product types* or associated *by-products* would be marketable at the *alternate reference point*.

(3) If a *reporting issuer* discloses *resources* or sales of *product types* or associated *by-products* with respect to an *alternate reference point*, the *reporting issuer* must

(a) state that the disclosure is made with respect to an *alternate reference point*,

(b) disclose the location of the *alternate reference point*, and

(c) explain why disclosure is not being made with respect to the *first point of sale*..

11. Section 5.5 is replaced with the following:

5.5 Recovery of *Product Types* or *By-Products* - Disclosure of *product types* or *by*-products, including *natural gas liquids* and sulphur must be made in respect only of volumes that have been or are to be recovered prior to the *first point of sale*, or an *alternate reference point*, as applicable**..**

12. Section 5.7 is repealed.

13. Section 5.9 is amended by

(a) in paragraph (2)(d), adding the following:

"(iii.1) a description of the applicable project or projects including the following:

(A) the estimated total cost required to achieve *commercial* production;

(B) the general timeline of the project, including the estimated date of first *commercial production*;

(C) the recovery technology;

(D) whether the project is based on a *conceptual or pre-development study*;**,**

(b) in clause (2)(d)(v)(A) replacing "no certainty***" with "***uncertainty***",***

(c) in subsection (3), replacing "(2)(c)(iii)***" with "***(2)(d)(iii), (iii.1)***", and***

(d) adding the following:

(4) Any disclosure made under subsection (1) or (2) must indicate whether the *anticipated results* from *resources* which are not currently classified as *reserves* or the estimate of a quantity of *resources* other than *reserves* were prepared by an *independent qualified reserves evaluator or auditor*..

14. Sections 5.11, 5.12 and 5.13 are repealed.

15. Section 5.14 is replaced with the following:

5.14 Disclosure Using *Oil and Gas Metrics*

(1) If a *reporting issuer* discloses an *oil and gas metric,* other than an estimate of the volume or value of *resources* prepared in accordance with section 5.2, 5.9 or 5.18 or a comparative or equivalency measure under Part 2, 3, 4, 5, 6 or 7 of *Form 51-101F1*, the *reporting issuer* must include disclosure that

(a) identifies the standard and source of the *oil and gas metric*, if any,

(b) provides a brief description of the method used to determine the *oil and gas metric*,

(c) provides an explanation of the meaning of the *oil and gas metric*, and

(d) cautions readers as to the reliability of the *oil and gas metric*.

(2) If there is no identifiable standard for an *oil and gas metric*, the *reporting issuer* must also include disclosure that

(a) provides a brief description of the parameters used in the calculation of the *oil and gas metric*, and

(b) states that the *oil and gas metric* does not have any standardized meaning and should not be used to make comparisons..

16. Section 5.15 is repealed.

17. Paragraph 5.16(3)(b) is amended by replacing "5.9(2)(c)(v)(A)***" with "***5.9(2)(d)(v)(A)***" and by replacing "***5.9(2)(c)(v)(B)***" with "***5.9(2)(d)(v)(B)***".***

18. Part 5 is amended by adding the following:

5.18 Supplementary Disclosure of *Resources* Using Evaluation Standards other than the *COGE Handbook*

(1) A *reporting issuer* may supplement disclosure provided in accordance with section 5.2, 5.3 or 5.9 with an estimate of the volume or the value of *resources* prepared in accordance with an alternative *resources* evaluation standard that

(a) has a comprehensive framework for the evaluation of *resources*,

(b) defines *resources* using terminology and categories in a manner that is consistent with the terminology and categories of the *COGE Handbook*,

(c) has a scientific basis, and

(d) requires that estimates of volume and value of *resources* be based on reasonable assumptions.

(2) If disclosure is made under subsection (1) and that disclosure is required under the laws of or by a *foreign jurisdiction*, the *reporting issuer* must, proximate to the disclosure,

(a) disclose the *effective date* of the estimate,

(b) describe any significant differences, and the reasons those differences exist, between the estimate prepared in accordance with the alternative *resources* evaluation standard and the estimate prepared in accordance with the *COGE Handbook*, and

(c) include a reference to the location on the *SEDAR* website of the estimate prepared

(i) in accordance with section 5.2, 5.3 or 5.9, as applicable, and

(ii) at the same effective date as the alternative disclosure.

(3) If disclosure is made under subsection (1) and the disclosure is not required by a foreign jurisdiction, the *reporting issuer* must, proximate to the disclosure,

(a) disclose the *effective date* of the estimate,

(b) provide a description of the alternative *resources* evaluation standard,

(c) describe any significant differences, and the reasons those differences exist, between the estimate prepared in accordance with the alternative *resources* evaluation standard and the estimate prepared in accordance with the *COGE Handbook*, and

(d) disclose the estimate prepared

(i) in accordance with section 5.2, 5.3 or 5.9, as applicable, and

(ii) at the same *effective date* as the disclosure provided under subsection (1).

(4) An estimate under subsection (1) must have been prepared or *audited by* a *qualified reserves evaluator or auditor*..

19. Part 6 is amended by

(a) adding "*AND CEASING TO ENGAGE IN *OIL AND GAS ACTIVITIES" after "*MATERIAL CHANGE DISCLOSURE*" in the heading,

(b) replacing "*Part*" with "*section*" in section 6.1, and

(c) adding the following:

6.2 Ceasing to Engage in *Oil and Gas Activities* - A *reporting issuer* must file with the *securities regulatory authority* a notice prepared in accordance with *Form 51-101F5* not later than 10 days after ceasing to be engaged, directly or indirectly, in *oil and gas activities*..

20. Section 8.1 is amended by adding the following:

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions*, opposite the name of the local jurisdiction..

21. General Instruction (2) of Form 51-101F1 is amended by replacing "*its financial year then ended****" with "****the financial year then ended****".***

22. General Instruction (5) of Form 51-101F1 is amended by adding "*, and that **contingent resource data** and **prospective resource data** only appears in an appendix to Form 51-101F1****" after "****not omitted****".***

23. Instruction (4) of Item 1.1 of Form 51-101F1 is amended by inserting "*statement****" after "****should ensure that its financial****".***

24. Subsection 3(c) of Item 2.1 of Form 51-101F1 is replaced with the following:

(c) Disclose, by *product type*, in each case with associated *by-products*, and on a unit value basis for each *product type*, in each case with associated *by-products* (e.g., $/Mcf or $/bbl using *net reserves*), the net present value of *future net revenue* (before deducting *future income tax expenses*) estimated using *forecast prices and costs* and calculated using a discount rate of 10 percent..

25. Item 2.1 of Form 51-101F1 is amended by inserting the following at the end of the item:

INSTRUCTIONS

*(1) Disclose all of the **reserves** in respect of which the **reporting issuer** has a direct or indirect ownership, working or royalty interest. These concepts are explained in sections 5.5.4(a) "Ownership Considerations" and 7.5 "Interests" of volume 1 of the **COGE Handbook**, section 5.2 "Ownership Considerations" of volume 2 of the **COGE Handbook** and, with respect to an entitlement to share **production** under a **production** sharing agreement, section 4.0 "Fiscal Regimes" of the chapter entitled "Reserves Recognition For International Properties" of volume 3 of the **COGE Handbook**.*

*(2) Do not include, in the **reserves data** a **product type** that is subject to purchase under a long-term supply, purchase or similar agreement. However, if the **reporting issuer** is a party to such an agreement with a government or governmental authority, and participates in the operation of the **properties** in which the **product type** is situated or otherwise serves as producer of the **reserves** (in contrast to being an independent purchaser, broker, dealer or importer), disclose separately the **reporting issuer's** interest in the **reserves** that are subject to such agreements at the **effective date** and the **net** quantity of the **product type** received by the **reporting issuer** under the agreement during the year ended on the **effective date**.*

*(3) **Future net revenue** includes the portion attributable to the **reporting issuer's** interest under an agreement referred to in Instruction (2).*

*(4) If the **reporting issuer's** disclosure of **reserves** would, to a reasonable person, be misleading, if stated without an explanation of the **reporting issuer's** ownership of or control over those **reserves**, explain the nature of the **reporting issuer's** ownership of or control over **reserves** disclosed in the statement filed or to be filed under item 1 of section 2.1 of **NI 51-101**..*

26. Items 2.3 and 2.4 of Form 51-101F1 are repealed.

27. Item 3.2 of Form 51-101F1 is amended by repealing Instruction (3).

28. Subsections 2(b) and (c) of Item 4.1 of Form 51-101F1 are replaced with the following:

(b) for each of the following:

(i) *bitumen;*

(ii) *coal bed methane*;

(iii) *conventional natural gas*;

(iv) *gas hydrates*;

(v) *heavy crude oil*;

(vi) *light crude oil* and *medium crude oil* combined;

(vii) *natural gas liquids*;

(viii) *shale gas*;

(ix) *synthetic crude oil*;

(x) *synthetic gas*;

(xi) *tight oil*;

(c) separately identifying and explaining each of the following:

(i) extensions and improved recovery;

(ii) technical revisions;

(iii) discoveries;

(iv) acquisitions;

(v) dispositions;

(vi) economic factors;

(vii) *production*..

29. Item 5.1 of Form 51-101F1 is amended by

(a) deleting "and, in the aggregate, before that time***" wherever it occurs,***

(b) replacing "not planning to develop particular***" with "***deferring the development of particular***" wherever it occurs,***

(c) replacing "during the following two years***" with "***beyond two years***" wherever it occurs, and***

(d) adding the following instructions:

INSTRUCTIONS

*(1) The phrase "first attributed" refers to the initial allocation of an undeveloped volume of **oil** or **gas reserves** by a **reporting issuer**. Only previously unassigned undeveloped volumes of **oil** or **gas reserves** may be included in the first attributed volumes for the applicable financial year. For example, if in 2011 a **reporting issuer** allocated by way of acquisition, discovery, extension and*

*improved recovery 300 MMcf of **proved undeveloped conventional natural gas reserves**, that would be the first attributed volume for 2011.*

*(2) The discussion of a **reporting issuer's** plans for developing **undeveloped reserves**, or the **reporting issuer's** reasons for deferring the development of **undeveloped reserves**, must enable a reasonable investor to assess the efforts made by the **reporting issuer** to convert **undeveloped reserves** to **developed reserves**..*

30. Item 5.2 of Form 51-101F1 is replaced with the following:

Item 5.2 Significant Factors or Uncertainties Affecting *Reserves Data*

Identify and discuss significant economic factors or significant uncertainties that affect particular components of the *reserves data.*

INSTRUCTIONS

*(1) A **reporting issuer** must, under this Item, include a discussion of any significant **abandonment and reclamation costs**, unusually high expected **development costs** or **operating costs**, or contractual obligations to **produce** and sell a significant portion of **production** at prices substantially below those which could be realized but for those contractual obligations.*

*(2) If the information required by this Item is presented in the **reporting issuer's** financial statements and notes thereto for the most recent financial year ended, the **reporting issuer** satisfies this Item by directing the reader to that presentation..*

31. Item 6.2.1 of Form 51-101F1 is replaced with the following:

Item 6.2.1 Significant Factors or Uncertainties Relevant to *Properties* with No Attributed *Reserves*

Identify and discuss significant economic factors or significant uncertainties that have affected or are reasonably expected to affect the anticipated development or production activities on *properties* with no attributed *reserves.*

INSTRUCTIONS

*(1) A **reporting issuer** must, under this Item, include a discussion of any significant **abandonment and reclamation costs**, unusually high expected **development costs** or **operating costs**, or contractual obligations to **produce** and sell a significant portion of **production** at prices substantially below those which could be realized but for those contractual obligations.*

*(2) If the information required by this Item is presented in the **reporting issuer's** financial statements and notes thereto for the most recent financial year ended, the **reporting issuer** satisfies this Item by directing the reader to that presentation..*

32. Item 6.4 of Form 51-101F1 is repealed.

33. Item 6.6 of Form 51-101F1 is replaced with the following:

Item 6.6 Costs Incurred

Disclose by country for the most recent financial year ended each of the following:

(a) *property acquisition costs*, separately for *proved properties* and *unproved properties*;

(b) *exploration costs;*

(c) *development costs.*

INSTRUCTION

*If the costs specified in paragraphs (a), (b) and (c) are presented in the **reporting issuer's** financial statements and the notes to those statements for the most recent financial year ended, the **reporting issuer** satisfies this Item by directing the reader to that presentation..*

34. Item 6.9 of Form 51-101F1 is amended by replacing "To the extent not previously disclosed in financial statements by the reporting issuer, disclose***" with "***Disclose,***".***

35. Form 51-101F1 is amended by adding the following:

PART 7 OPTIONAL DISCLOSURE OF *CONTINGENT RESOURCES DATA* AND *PROSPECTIVE RESOURCES DATA*

INSTRUCTIONS

*(1) A **reporting issuer** may disclose **contingent resources data** or **prospective resources data** in a statement of the **reserves data** and other information filed under item 1 of section 2.1 of **NI 51-101**, however, that data must only be disclosed as an appendix to that statement.*

*(2) The following cautionary statement must be included in bold font and appear proximate to the **risked** net present value of **future net revenue** associated with **contingent resources** or **prospective resources**:*

> An estimate of risked net present value of future net revenue of [contingent resources][and][prospective resources] is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the company proceeding with the required investment. It includes [contingent resources][and][prospective resources] that are considered too uncertain with respect to the [chance of development][and][chance of discovery] to be classified as reserves. There is uncertainty that the risked net present value of future net revenue will be realized.

*(3) A **reporting issuer** may not rely on subsection 5.9(3) of **NI 51-101** for disclosure required to be included in this Part.*

*(4) If a **reporting issuer's** disclosure of **contingent resources** or **prospective resources** would, to a reasonable person, be misleading if not accompanied by an explanation of the **reporting issuer's** ownership of or control over those **resources**, explain the nature of the **reporting issuer's** ownership of or control over all **contingent resources** and **prospective resources** disclosed in the statement filed or to be filed under item 1 of section 2.1 of **NI 51-101**.*

*(5) A **reporting issuer's** disclosure respecting the value of **prospective resources** or **contingent resources** that are not in the **development pending project maturity sub-class** must be **risked** and must include an explanation of the factors considered respecting the **chance of commerciality**, which includes both **chance of discovery** and **chance of development** in the case of **prospective resources** and **chance of development** in the case of **contingent resources**.*

GUIDANCE

*(1) A **reporting issuer** is subject to sections 5.9 and 5.17 of **NI 51-101** when providing disclosure of **contingent resources data** or **prospective resources data** in this **Form**.*

*(2) A **reporting issuer** providing disclosure of **contingent resources data** or **prospective resources data** in this **Form** must have an evaluation process for **contingent resources** or **prospective resources** that*

*(a) is at least as rigorous as would be the case for **reserves data**, and*

(b) is recognized as well-established in the oil and gas industry.

*(3) An evaluation process described in subsection (2) is not needed if a reasonable **qualified evaluator or auditor** would conclude that it is not necessary in the circumstances.*

*(4) All public disclosure by **reporting issuers** is subject to the general prohibition against misleading statements. The disclosure of development on-hold, development unclarified or development not viable **contingent resources**, or **prospective resources**, in the statement of **reserves data** and other oil and gas information might be misleading where there is a significant degree of uncertainty and risk associated with those estimates.*

Item 7.1 Contingent Resources Data

1. If a *reporting issuer* discloses *contingent resources* in the statement filed under item 1 of section 2.1 of *NI 51-101*, the *reporting issuer* must disclose all of the following:

   (a) the *risked* 2C *contingent resources volumes, gross* and *net*, for each *product type*, and classified in each applicable *project maturity sub-class*;

   (b) if *contingent resources* in the *development pending project maturity sub-class* are disclosed, the *risked* net present value of *future net revenue* of the 2C *contingent resources* in the *development pending* project maturity *sub-class*, calculated using *forecast prices and costs* for each *product type,* before deducting *future income taxes* and using discount rates of 0 percent, 5 percent, 10 percent, 15 percent and 20 percent.

2. Disclose the numeric value of the chance of development risk and describe the method of all of the following:

   (a) quantifying the *chance of development* risk;

   (b) estimating the *contingent resources* adjusted for *chance of development* risk and the associated *risked* net present value of *future net revenue*.

Item 7.2 Prospective Resources Data

1. If a *reporting issuer* discloses *prospective resources* in the statement filed under item 1 of section 2.1 of *NI 51-101*, disclose the best estimate *prospective resources, gross* and *net*, for each *product type*.

2. Disclose the numeric value of the *chance of discovery* and *chance of development* and describe the method of all of the following:

   (a) quantifying the *chance of discovery* and *chance of development*;

   (b) estimating the *prospective resources* adjusted for *chance of discovery* and *chance of development*.

Item 7.3 Forecast Prices Used in Estimates

1. For each *product type*, disclose the pricing assumptions used in estimating *contingent resources data* and *prospective resources data* disclosed in response to Item 7.1 for each of the five years following the most recently completed financial year.

2. The disclosure in response to section 1 must include the benchmark reference pricing schedules for the countries or regions in which the *reporting issuer* operates, and inflation and other forecast factors used.

3. The pricing assumptions included in section 1 must be the same as the pricing assumptions disclosed in response to Part 3 of this *Form 51-101F1*.

   INSTRUCTIONS

   (1) Benchmark reference prices may be obtained from sources such as public product trading exchanges or prices posted by purchasers.

   *(2) The defined term "**forecast prices and costs**" includes any fixed or presently determinable future prices or costs to which the **reporting issuer** is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended. Such contractually committed prices must be used, instead of benchmark reference prices for the purpose of estimating **contingent resources data** and **prospective resources data**, unless a reasonable investor would find the use those contractually committed prices misleading.*

Item 7.4 Supplemental Contingent Resources Data

The *reporting issuer* may supplement its disclosure of *contingent resources data* under Item 7.1 by also disclosing estimates of *contingent resources* together with estimates of associated *risked* net present value of *future net revenue*, determined using *constant prices and costs* rather than *forecast prices and costs* for each applicable *product type*..

36. Form 51-101F2 is replaced with the following:

FORM 51-101F2
REPORT ON [RESERVES DATA][,] [CONTINGENT RESOURCES DATA] [AND] [PROSPECTIVE RESOURCES DATA]

BY

INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

This is the form referred to in item 2 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("*NI 51-101*").

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.

2. The report on *reserves data*, *contingent resources data* or *prospective resources data*, if applicable, referred to in item 2 of section 2.1 of *NI 51-101*, to be executed by one or more *qualified reserves evaluators or auditors independent* of the *reporting issuer*, must in all *material* respects be in the following form:

Report on [Reserves Data][,] [Contingent Resources Data] [and] [Prospective Resources Data] by Independent Qualified Reserves Evaluator or Auditor

To the board of directors of [name of reporting issuer] (the "Company"):

1. We have [audited][,] [and] [evaluated] [or reviewed] the Company's [reserves data][,] [contingent resources data] [and] [prospective resources data] as at [last day of the reporting issuer's most recently completed financial year]. **[*If the Company has reserves, include the following sentence:*** The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at [last day of the reporting issuer's most recently completed financial year], estimated using forecast prices and costs.**] [*If the Company has disclosed contingent resources data or prospective resources data, include the following sentence:*** The [contingent resources data] [and] [prospective resources data] are risked estimates of volume of [contingent resources] [and] [prospective resources] and related risked net present value of future net revenue as at [last day of the reporting issuer's most recently completed financial year], estimated using forecast prices and costs.**]**

2. The [reserves data][,] [contingent resources data] [and] [prospective resources data] are the responsibility of the Company's management. Our responsibility is to express an opinion on the [reserves data][,] [contingent resources data] [and] [prospective resources data] based on our [audit][,] [and] [evaluation] [and review].

3. We carried out our [audit][,] [and] [evaluation] [and review] in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an [audit][,] [and] [evaluation] [and review] to obtain reasonable assurance as to whether the [reserves data][,] [contingent resources data] [and] [prospective resources data] are free of material misstatement. An [audit][,] [and] [evaluation] [and review] also includes assessing whether the [reserves data][,] [contingent resources data] [and] [prospective resources data] are in accordance with principles and definitions presented in the COGE Handbook.

5. **[*If the Company has reserves, include this paragraph*:]** The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company [audited][,][and][evaluated][and reviewed] for the year ended [last day of the reporting issuer's most recently completed financial year], and identifies the respective portions thereof that we have [audited][,][and] [evaluated] [and reviewed] and reported on to the Company's [management/board of directors]:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of [Audit/ Evaluation/ Review] Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
Evaluator A	xxx xx, 20xx	Xxxx	$xxx	$xxx	$xxx	$xxx
Evaluator B	xxx xx, 20xx	Xxxx	$xxx	$xxx	$xxx	$xxx
Totals			$xxx	$xxx	$xxx	$xxx[1]

1 This amount must be the amount disclosed by the *reporting issuer* in its statement of *reserves data* filed under item 1 of section 2.1 of *NI 51-101*, as its *future net revenue* (before deducting *future income tax expenses*) attributed to *proved* plus *probable reserves*, estimated using *forecast prices and costs* and calculated using a discount rate of 10 percent (required by section 2 of Item 2.1 of *Form 51-101F1*).

6. **[*If the Company has disclosed contingent resources data or prospective resources data, include this paragraph and the tables*:]** The following tables set forth the risked volume and risked net present value of future net revenue of [contingent resources] [and] [prospective resources] (before deduction of income taxes) attributed to [contingent resources] [and] [prospective resources], estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the Company's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the [contingent resources data] [and] [prospective resources data] that we have [audited] [and] [evaluated] and reported on to the Company's [management/board of directors]:

Classification	Independent Qualified Reserves Evaluator or Auditor	Effective Date of [Audit/ Evaluation] Report	Location of Resources Other than Reserves (Country or Foreign Geographic Area)	Risked Volume	Risked Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)		
					Audited	Evaluated	Total
Development Pending Contingent Resources (2C)	Evaluator	xxx xx, 20xx	xxxx	xxx	$xxx	$xxx	$xxx

Classification	Independent Qualified Reserves Evaluator or Auditor	Effective Date of [Audit/ Evaluation] Report	Location of Resources Other than Reserves (Country or Foreign Geographic Area)	Risked Volume
Prospective Resources	Evaluator	xxx xx, 20xx	xxxx	xxxx
Contingent Resources	Evaluator	xxx xx, 20xx	xxxx	xxxx
[project maturity sub-classes other than Development Pending]				

7. In our opinion, the [reserves data][,][contingent resources data][and][prospective resources data] respectively [audited][and][evaluated] by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the [reserves data][,][contingent resources data][and] [prospective resources data] that we reviewed but did not audit or evaluate.

8. We have no responsibility to update our reports referred to in paragraph[s] [4][and][4.1] for events and circumstances occurring after the effective date of our reports.

9. Because the [reserves data][,][contingent resources data][and][prospective resources data] are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Evaluator A, City, Province or State / Country, Execution Date

_____
[signed]

Evaluator B, City, Province or State / Country, Execution Date

_____
[signed]

37. Form 51-101F3 is replaced with the following:

FORM 51-101F3

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("*NI 51-101*").

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.

2. The report referred to in item 3 of section 2.1 of *NI 51-101* must in all *material* respects be in the following form:

Report of Management and Directors
on Reserves Data and Other Information

Management of [name of reporting issuer] (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data [and includes, if disclosed in the statement required by item 1 of section 2.1 of *NI 51-101*, other information such as contingent resources data or prospective resources data].

[Alternative A: Reserves Data to Report or Contingent Resources Data or Prospective Resources Data to Report]

[An] independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [has/have] [audited][,] [and] [evaluated] [and reviewed] the Company's [reserves data][,] [contingent resources data] [and] [prospective resources data]. The report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [is presented below / will be filed with securities regulatory authorities concurrently with this report].

The [Reserves Committee of the] board of directors of the Company has

(a) reviewed the Company's procedures for providing information to the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]];

(b) met with the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to determine whether any restrictions affected the ability of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to report without reservation [and, in the event of a proposal to change the independent [qualified reserves evaluator[s] or qualified

reserves auditor[s]], to inquire whether there had been disputes between the previous independent [qualified reserves evaluator[s] or qualified reserves auditor[s] and management]]; and

(c) reviewed the [reserves data][,] [contingent resources data] [and] [prospective resources data] with management and the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]].

The [Reserves Committee of the] board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has [, on the recommendation of the Reserves Committee,] approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing [reserves data][,][contingent resources data][and][prospective resources data] and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] on the reserves data, contingent resources data, or prospective resources data; and

(c) the content and filing of this report.

Because the [reserves data][,] [contingent resources data] [and] [prospective resources data] are based on judgements regarding future events, actual results will vary and the variations may be material.

[Alternative B: No Reserves to Report and No Resources Other than Reserves to Report]

The [Reserves Committee of the] board of directors of the Company has reviewed the oil and gas activities of the Company and has determined that the Company had no reserves as of [last day of the reporting issuer's most recently completed financial year].

An independent qualified reserves evaluator or qualified reserves auditor has not been retained to evaluate the Company's reserves data. No report of an independent qualified reserves evaluator or qualified reserves auditor will be filed with securities regulatory authorities with respect to the financial year ended on [last day of the reporting issuer's most recently completed financial year].

The [Reserves Committee of the] board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has[, on the recommendation of the Reserves Committee,] approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing information detailing the Company's oil and gas activities; and

(b) the content and filing of this report.

_____

[signature, name and title of chief executive officer]

_____

[signature, name and title of an officer other than the chief executive officer]

_____

[signature, name of a director]

_____

[signature, name of a director]

_____

[Date]

38. The Instrument is amended by adding the following:

FORM 51-101F5
NOTICE OF CEASING TO ENGAGE IN OIL AND GAS ACTIVITIES

This is the form referred to in section 6.2 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

1. Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.

2. The notice referred to in section 6.2 of NI 51-101 must in all *material* respects be in the following form:

Notice of Ceasing to Engage in Oil and Gas Activities

Management and the board of directors of [name of reporting issuer] (the "Company") have determined that as of [date] the Company is no longer engaged, directly or indirectly, in oil and gas activities.

_____
[signature, name and title of chief executive officer]

_____
[signature, name and title of an officer other than the chief executive officer]

_____
[signature, name of a director]

_____
[signature, name of a director]

_____
[Date]

39. All footnotes and references to footnotes are repealed.

40. This *Instrument* comes into force on July 1, 2015.

ANNEX E

BLACKLINE TO COMPANION POLICY 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

COMPANION POLICY 51-101~~CP~~
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

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COMPANION POLICY 51-101~~CP~~
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

This Companion Policy sets out the views of the Canadian Securities Administrators (*CSA*) as to the interpretation and application of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (*NI 51-101*) and related forms.

NI 51-101[1] supplements other continuous disclosure requirements of *securities legislation* that apply to *reporting issuers* in all business sectors.

The requirements under *NI 51-101* for the filing with *securities regulatory authorities* of information relating to *oil and gas activities* are designed in part to assist ~~the public and analysts~~capital market participants in making investment decisions and recommendations.

The *CSA* encourage registrants[2] and other persons and companies that wish to make use of information concerning *oil and gas activities* of a *reporting issuer*, including *reserves data*, to review the information filed on *SEDAR* under *NI 51-101* by the *reporting issuer* and, if they are summarizing or referring to this information, to use the applicable terminology consistent with *NI 51-101* and the *COGE Handbook*.

PART 1 APPLICATION AND TERMINOLOGY

1.1 Definitions

(1) **General –** Several terms relating to *oil and gas activities* are defined in section 1.1 of *NI 51-101*. If a term is not defined in *NI 51-101*, *NI 14-101* or the securities statute in the *jurisdiction*, it will have the meaning or interpretation given to it in the *COGE Handbook* if it is defined or interpreted there, pursuant to section 1.2 of *NI 51-101*.

For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* (the *NI 51-101 Glossary*) as amended, restated or replaced from time to time, sets out the meaning of terms, including those defined in *NI 51-101* and several terms which are derived from the *COGE Handbook*.

The terms set out in the *NI 51-101 Glossary* are printed in italics in *NI 51-101*, *Form 51-101F1*, *Form 51-101F2*, *Form 51-101F3*, *Form 51-101F4*, *Form 51-101F5* or in this Companion Policy for the convenience of readers.

(2) ***Forecast Prices and Costs –*** The term *forecast prices and costs* is defined in ~~paragraph~~section 1.1~~(j)~~ of *NI 51-101* and discussed in the *COGE Handbook*. Except to the extent that the *reporting issuer* is legally bound by fixed or presently determinable future prices or costs[3], *forecast prices and costs* are future prices and costs "generally accepted as being a reasonable outlook of the future".

The *CSA* do not consider that future prices or costs would satisfy this requirement if they fall outside the range of forecasts of comparable prices or costs used, as at the same date, for the same future period, by major *independent qualified reserves evaluators or auditors* or by other reputable sources appropriate to the *evaluation*.

(3) ***Independent –*** The term *independent* is defined in ~~paragraph~~section 1.1~~(o)~~ of *NI 51-101*. Applying this definition, the following are examples of circumstances in which the *CSA* would consider that a *qualified reserves evaluator or auditor* (or other expert) is not *independent*. We consider a *qualified reserves evaluator or auditor* is not *independent* when the *qualified reserves evaluator or auditor*:

(a) is an employee, insider, or director of the *reporting issuer*;

(b) is an employee, insider, or director of a related party of the *reporting issuer*;

(c) is a partner of any person or company in paragraph (a) or (b);

~~1 For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in *NI 51-101*, *Form 51-101F1*, *Form 51-101F2* or *Form 51-101F3*, or in this Companion Policy (other than terms italicized in titles of documents that are printed entirely in italics).~~

~~2 "Registrant" has the meaning ascribed to the term under *securities legislation* in the *jurisdiction*.~~

~~3 Refer to the discussion of financial instruments in subsection 2.7(5) below.~~

(d) holds or expects to hold securities, either directly or indirectly, of the *reporting issuer* or a related party of the *reporting issuer*;

(e) holds or expects to hold securities, either directly or indirectly, in another *reporting issuer* that has a direct or indirect interest in the *property* that is the subject of the technical report or an adjacent *property*;

(f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the *property* that is the subject of the technical report or an adjacent *property*; or

(g) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the *reporting issuer* or a related party of the *reporting issuer*.

For the purpose of ~~paragraph~~paragraphs (b) and (d) above, "related party of the *reporting issuer*" means an affiliate, associate, subsidiary, or control person of the *reporting issuer* as those terms are defined under *securities legislation*.

There may be instances in which it would be reasonable to consider that the *independence* of a *qualified reserves evaluator or auditor* would not be compromised even though the *qualified reserves evaluator or auditor* holds an interest in the *reporting issuer's* securities. The *reporting issuer* needs to determine whether a reasonable person would consider that such interest would interfere with the *qualified reserves evaluator's or auditor*'s judgement regarding the preparation of the technical report.

There may be circumstances in which the *securities regulatory authorities* question the objectivity of the *qualified reserves evaluator or auditor*. In order to ensure the requirement for *independence* of the *qualified reserves evaluator or auditor* has been preserved, the *reporting issuer* may be asked to provide further information, additional disclosure or the opinion of another *qualified reserves evaluator or auditor* to address concerns about possible bias or partiality on the part of the *qualified reserves evaluator or auditor*.

(4) ~~***Product Types* Arising From *Oil* Sands and Other Non-Conventional Activities –** The definition of *product type* in paragraph 1.1(v) includes products arising from non-conventional *oil and gas activities*. *NI 51-101* therefore applies not only to conventional *oil and gas activities*, but also to non-conventional activities such as the extraction of *bitumen* from *oil* sands with a view to the *production* of *synthetic oil*, the in situ *production* of *bitumen*, the extraction of methane from coal beds and the extraction of shale gas, shale oil and hydrates. Although *NI 51-101* and *Form 51-101F1* make few specific references to non-conventional *oil and gas activities*, the requirements of *NI 51-101* for the preparation and disclosure of *reserves data* and for the disclosure of *resources* other than *reserves* apply to *oil* and *gas reserves* and *resources* other than *reserves* relating to *oil* sands, shale, coal or other non-conventional sources of hydrocarbons.~~ **Additional Disclosure** – The *CSA* encourage *reporting issuers* ~~that are~~ engaged in ~~non-conventional~~ *oil and gas activities* that may require additional explanation to supplement the disclosure prescribed in *NI 51-101* and *Form 51-101F~~1~~1,* with information specific to those activities that can assist investors and others in understanding the business and results of the *reporting issuer*.

A *reporting issuer* should choose the closest *product type* if the substance produced does not exactly match one of the *product* types or if it matches more than one of the *product types* listed in NI 51-101. For example, *shale gas projects* may not strictly adhere to the formal lithological-based definition of "shale". The produced *gas* can come from intervals that contain clay, carbonates, siltstone and minor amounts of very fine-grained sandstone laminations. Despite coming from intervals that may not meet the technical definition of "shale", *gas* to which fracturing techniques have been applied, when intermingled with *gas* that comes from "shale", may be reported as being *shale gas*.

A *reporting issuer* must ensure that its disclosure is not misleading and will have to consider whether additional explanation is required to provide the necessary context.

(5) ***Professional Organization***

(a) **Recognized *Professional Organizations***

For the purposes of the *Instrument*, a *qualified reserves evaluator or auditor* must also be a member in good standing with a self-~~regulatory~~regulated *professional organization* of engineers, geologists, geoscientists or other *oil* and *gas* professionals.

The definition of "*professional organization*" (in ~~paragraph~~section 1.1~~(w)~~ of *NI 51-101* and in the *NI 51-101 Glossary*) has four elements, three of which deal with the basis on which the organization accepts members and its powers and requirements for continuing membership. The fourth element requires either authority or recognition given to the organization by a statute in Canada, or acceptance of the organization by the *securities regulatory authority* or *regulator*.

(a.1) **Canadian *Professional Organizations***

As at ~~October 12, 2010,~~December 4, 2014, each of the following organizations in Canada is a *professional organization* for the purposes of *NI 51-101*:

- Association of Professional Engineers~~, Geologists~~ and ~~Geophysicists~~Geoscientists of Alberta (~~APEGGA~~APEGA)
- Association of Professional Engineers and Geoscientists of the Province of British Columbia (APEGBC)
- Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS)
- Association of Professional Engineers and Geoscientists of the Province of Manitoba (APEGM)
- Association of Professional Geoscientists of Ontario (APGO)
- Professional Engineers ~~of~~ Ontario (PEO)
- Ordre des ingénieurs du Québec (OIQ)
- Ordre des ~~Géologues~~géologues du Québec (OGQ)
- Association of Professional Engineers of Prince Edward Island (APEPEI)
- Association of Professional Engineers and Geoscientists of New Brunswick (APEGNB)
- Association of Professional Engineers of Nova Scotia (APENS)
- Association of Professional Geoscientists of Nova Scotia (APGNS)
- Association of Professional Engineers and Geoscientists of Newfoundland ~~(APEGN~~and Labrador (APEGNL)
- Association of Professional Engineers of Yukon (APEY)
- Northwest Territories and Nunavut Association of Professional Engineers~~, Geologists & Geophysicists of the Northwest Territories (NAPEGG) (representing the Northwest Territories and Nunavut Territory)~~ and Geoscientists (NAPEG)

(b) **Other *Professional Organizations***

The *CSA* are willing to consider whether particular foreign professional bodies should be accepted as "*professional organizations*" for the purposes of *NI 51-101*. A *reporting issuer*, foreign professional body or other interested person can apply to have a self-regulatory organization that satisfies the first three elements of the definition of "*professional organization*" accepted for the purposes of *NI 51-101*.

In considering any such application for acceptance, the *securities regulatory authority* or *regulator* is likely to take into account the degree to which a foreign professional body's authority or recognition, admission criteria, standards and disciplinary powers and practices are similar to, or differ from, those ~~of~~ organizations listed above.

~~The list of foreign *professional organizations* is updated periodically in *CSA* Staff Notice 51-309 *Acceptance of Certain Foreign Professional Boards as a "Professional Organization"*. As at October 12, 2010,~~As at December 4, 2014, each of the following foreign organizations has been recognized as a *professional organization* for the purposes of *NI 51-101*:

- California Board for Professional Engineers ~~and~~ , Land Surveyors, and Geologists
- ~~State of~~ Colorado State Board of ~~Registration~~Licensure for Architects, Professional Engineers, and Professional Land Surveyors
- Louisiana ~~State Board of Registration for~~ Professional ~~Engineers~~Engineering and Land ~~Surveyors,~~Surveying Board (LAPELS)
- Oklahoma State Board of ~~Registration~~Licensure for Professional Engineers and Land Surveyors
- Texas Board of Professional Engineers
- American Association of Petroleum Geologists (AAPG) but only in respect of Certified Petroleum Geologists who are members of the AAPG's Division of Professional Affairs
- American Institute of Professional Geologists (AIPG), in respect of the AIPG's Certified Professional Geologists (CPG)
- Energy Institute (EI) but only for those members of the Energy Institute who are Members and Fellows
- Society of Petroleum Evaluation Engineers (SPEE), but only in respect of Members, Honorary Life Members and Life Members

(c) **No *Professional Organization***

A *reporting issuer* or other person may apply for an exemption under Part 8 of *NI 51-101* to enable a *reporting issuer* to appoint, in satisfaction of its obligation under section 3.2 of *NI 51-101*, an individual who is not a member of a *professional organization*, but who has other satisfactory qualifications and experience. Such an application might refer to a particular individual or generally to members and employees of a particular foreign *reserves evaluation* firm. In considering any such application, the *securities regulatory authority* or *regulator* is likely to take into account the individual's professional education and experience or, in the case of an application relating to a firm, to the education and experience of the firm's members and employees, evidence concerning the opinion of a *qualified reserves evaluator or auditor* as to the quality of past work of the individual or firm, and any prior relief granted or denied in respect of the same individual or firm.

(d) **Renewal Applications Unnecessary**

A successful applicant would likely have to make an application contemplated in this subsection 1.1(5) only once, and not renew it annually.

(6) ***Qualified Reserves Evaluator or Auditor –*** The definitions of *qualified reserves evaluator* and *qualified reserves auditor* are set out in ~~paragraphs~~section 1.1~~(y) and 1.1(x)~~ of *NI 51-~~101~~101*~~, respectively,~~*101* and again in the *NI 51-101 Glossary*.

The defined terms "*qualified reserves evaluator*" and "*qualified reserves auditor*" have a number of elements. A *qualified reserves evaluator* or *qualified reserves auditor* must

- possess professional qualifications and experience appropriate for the tasks contemplated in the *Instrument*, and
- be a member in good standing of a *professional organization*.

Reporting issuers should satisfy themselves that any person they appoint to perform the tasks of a *qualified reserves evaluator or auditor* for the purpose of the *Instrument* satisfies each of the elements of the appropriate definition.

In addition to having the relevant professional qualifications, a *qualified reserves evaluator or auditor* must also have sufficient practical experience relevant to the *reserves data* to be reported on. In assessing the adequacy of practical experience, reference should be made to section 3 of volume 1 of the *COGE Handbook* – "Qualifications of Evaluators and Auditors, Enforcement and Discipline".

1.2 *COGE Handbook*

Pursuant to section 1.2 of *NI 51-101*, definitions and interpretations in the *COGE Handbook* apply for the purposes of *NI 51-101* if they are not defined in *NI 51-101*, *NI 14-101* or the securities statute in the *jurisdiction* (except to the extent of any conflict or inconsistency with *NI 51-101*, *NI 14-101* or the securities statute).

Section 1.1 of *NI 51-101* and the *NI 51-101 Glossary* set out definitions and interpretations, many of which are derived from the *COGE Handbook*. *Reserves* and *resources* definitions and categories are incorporated in the *COGE Handbook* and are also set out, in part, in the *NI 51-101 Glossary*.

Subparagraph 5.2(1)(a)(iii) of *NI 51-101* requires that all estimates of *reserves* or *future net revenue* ~~have been~~be prepared or *audited* in accordance with the *COGE Handbook*. Under sections 5.2, 5.3 and 5.9 of *NI 51-101*, all types of public *oil* and *gas* disclosure, including disclosure of *reserves* and of *resources* other than *reserves*, must be prepared in accordance with the *COGE Handbook*~~.~~ subject to the exception pursuant to section 5.18 of *NI 51-101.*

1.3 Applies to *Reporting Issuers* Only

NI 51-101 applies to *reporting issuers* engaged in *oil and gas activities*. The definition of *oil and gas activities* is broad. For example, a *reporting issuer* with no *reserves*, but ~~a few~~with *prospects*, *unproved properties* or *resources*~~, could still~~ other than *reserves*, may be deemed to be engaged in *oil and gas activities* because such activities include exploration and development of *unproved properties*.

NI 51-101 will also apply to an issuer that is not yet a *reporting issuer* if it files a prospectus or other disclosure document that incorporates prospectus requirements. Pursuant to the long-form prospectus requirements, the *reporting issuer* must disclose the information contained in *Form 51-101F1*, as well as the reports set out in *Form 51-101F2* and *Form 51-101F3*.

1.4 *Materiality* Standard

Section 1.4 of *NI 51-101* states that *NI 51-101* applies only in respect of information that is *material*. *NI 51-101* does not require disclosure or filing of information that is not *material*. If information is not required to be disclosed because it is not *material*, it is unnecessary to disclose that fact.

Materiality for the purposes of *NI 51-101* is a matter of judgement to be made in light of the circumstances, taking into account both qualitative and quantitative factors, assessed in respect of the *reporting issuer* as a whole.

The reference in subsection 1.4(2) of *NI 51-101* to a "reasonable investor" denotes an objective test: would a notional investor, broadly representative of investors generally and guided by reason, be likely to be influenced, in making an investment decision to buy, sell or hold a security of a *reporting issuer*, by an item of information or an aggregate of items of information? If so, then that item of information, or aggregate of items, is "*material*" in respect of that *reporting issuer*. An item that is immaterial alone may be *material* in the context of other information, or may be necessary to give context to other information. For example, a large number of small interests in *oil* and *gas properties* may be *material* in aggregate to a *reporting issuer*. Alternatively, a small interest in an *oil* and *gas property* may be *material* to a *reporting issuer*, depending on the size of the *reporting issuer* and its particular circumstances.

PART 2 ANNUAL FILING REQUIREMENTS

2.1 Annual Filings on *SEDAR*

The information required under section 2.1 of *NI 51-101* must be filed electronically on *SEDAR*. Consult National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (*SEDAR*) and the current *CSA* "*SEDAR* Filer Manual" for information about filing documents electronically. The information required to be filed under item 1 of section 2.1 of *NI 51-101* is usually derived from a much longer and more detailed *oil* and *gas* report prepared by a *qualified reserves evaluator or auditor*. These long and detailed reports ~~cannot~~should not be filed electronically on SEDAR. The filing of an *oil* and *gas* report, or a summary of an *oil* and *gas* report, does not satisfy the requirements of the annual filing under *NI 51-101*.

2.2 Inapplicable or Immaterial Information

Section 2.1 of *NI 51-101* does not require the filing of any information, even if specified in *NI 51-101* or in a form referred to in *NI 51-101*, if that information is inapplicable or not *material* in respect of the *reporting issuer*. See section 1.4 of this Companion Policy for a discussion of *materiality*.

If an item of prescribed information is not disclosed because it is inapplicable or immaterial, it is unnecessary to state that fact or to make reference to the disclosure requirement.

2.3 Use of Forms

Section 2.1 of *NI 51-101* requires the annual filing of information set out in *Form 51-101F1* and reports in accordance with *Form 51-101F2* and *Form 51-101F3*. Appendix 1 to this Companion Policy provides an example of how certain of the *reserves data* might be presented. While the format presented in Appendix 1 in respect of *reserves data* and other oil and gas information is not mandatory, we encourage *reporting issuers* to use this format.

The information specified in all three forms, or any two of the forms, can be combined in a single document. A *reporting issuer* may wish to include statements indicating the relationship between documents or parts of one document. For example, the *reporting issuer* may wish to accompany the report of the *independent qualified reserves evaluator or auditor* (*Form 51-101F2*) with a reference to the *reporting issuer's* disclosure of the *reserves data* (*Form 51-101F1*), and vice versa.

A *reporting issuer* may supplement the annual disclosure required under *NI 51-101* with additional information corresponding to that prescribed in *Form 51-101F1, Form 51-101F2* and *Form 51-101F3*, but as at dates, or for periods, subsequent to those for which annual disclosure is required. However, to avoid confusion, such supplementary disclosure should be clearly identified as being interim disclosure and distinguished from the annual disclosure (for example, if appropriate, by reference to a particular interim period). Supplementary interim disclosure does not satisfy the annual disclosure requirements of section 2.1 of *NI 51-101*.

2.4 *Annual Information Form*

Section 2.3 of *NI 51-101* permits *reporting issuers* to satisfy the requirements of section 2.1 of *NI 51-101* by presenting the information required under section 2.1 in an *annual information form*. If a *reporting issuer* adopting this approach provides optional disclosure of *contingent resources data* and *prospective resources data* in its statement of reserves data and other oil and gas information required under section 2.1, that disclosure must be included as an appendix to the *reporting issuer's annual information form.*

(1) **Meaning of "*Annual Information Form*" –** *Annual information form* has the same meaning as "AIF" in National Instrument 51-102 *Continuous Disclosure Obligations*. Therefore, as set out in that definition, an *annual information form* can be a completed Form 51-102F2 *Annual Information Form* or, in the case of an *SEC* issuer (as defined in *NI 51-102*), a completed Form 51-102F2 or an annual report or transition report under the *1934 Act* on Form 10-K, Form 10-KSB or Form 20-F.

(2) **Option to Set Out Information in *Annual Information Form* –** Form 51-102F2 *Annual Information Form* ~~requires~~allows the information required by section 2.1 of *NI 51-101* to be included in the *annual information form*. That information may be included either by setting out the text of the information in the *annual information form* or by incorporating it, by reference ~~from~~to the separately filed documents. The option offered by section 2.3 of *NI 51-101* enables a *reporting issuer* to satisfy its obligations under section 2.1 of *NI 51-101*, as well as its obligations in respect of *annual information form* disclosure, by setting out the information required under section 2.1 only once, in the *annual information form*. If the *annual information form* is on Form 10-K, this can be accomplished by including the information in a supplement (often referred to as a "wrapper") to the Form 10-K.

A *reporting issuer* that elects to set out in full in its *annual information form* the information required by section 2.1 of *NI 51-101* need not ~~also~~ file that information again for the purpose of section 2.1 in one or more separate documents. However, a *reporting issuer* that elects to follow this approach must file, at the same time and on *SEDAR*, in the appropriate *SEDAR* category, a notice in accordance with *Form 51-101F4* (see subsection 2.3(2) of *NI 51-101)*. This notification will assist other SEDAR users in finding that information. It is not necessary to make a duplicate filing of the *annual information form* itself under the SEDAR *NI 51-101 oil and gas* disclosure category.

2.5 *Reporting Issuer* With No *Reserves* or Ceasing to Engage in *Oil and Gas Activities*

The requirement to make annual *NI 51-101* filings is not limited to only those *reporting issuers* that have *reserves* and related *future net revenue*. A *reporting issuer* with no *reserves*, but with *prospects*, *unproved properties* or *resources* may be engaged in *oil and gas activities* (see section 1.3 above) and therefore subject to *NI 51-101*. That means the *reporting issuer* must still make annual *NI 51-101* filings and ensure that it complies with other *NI 51-101* requirements. The following is guidance on the preparation of *Form 51-101F1*, *Form 51-101F2*, *Form 51-101F~~3~~3, Form 51-101F5 and* other *oil* and *gas* disclosure if the *reporting issuer* has no *reserves*.

(1) ***Form 51-101F1 –*** Section 1.4 of *NI 51-101* states that the *Instrument* applies only in respect of information that is *material* in respect of a *reporting issuer*. If indeed ~~the~~a *reporting issuer* has no *reserves,* we would consider that fact alone *material*. The *reporting issuer's* disclosure, under Part 2 of *Form 51-101F1*, should make clear that it has no *reserves* and hence ~~no~~is not reporting related *future net revenue*.
Supporting information regarding *reserves data* required under Part 2 (e.g., price estimates) that are not *material* to the *reporting issuer* may be omitted. However, if the *reporting issuer* had disclosed *reserves* and related *future net revenue* in the previous year, and has no *reserves* as at the end of its current financial year, the *reporting issuer* is still required by Part 4 of *Form 51-101F1* to present a reconcilation to the prior-year's estimates of *reserves*~~, as required by Part 4 of *Form 51-101F1*~~.

The *reporting issuer* is also required to disclose information required under Part 6 of *Form 51-101F1*. Those requirements apply irrespective of the quantum of *reserves*~~, if any~~. This would include information about *properties* (items 6.1 and 6.2), costs (item 6.6), and exploration and development activities (item 6.7). The disclosure should make clear that the *reporting issuer* had no *production*, as that fact would be *material*.

(2) ***Form 51-101F2 –*** *NI 51-101* requires a *reporting* ~~*issuers*~~*issuer* to retain an *independent qualified reserves evaluator or auditor* to *evaluate* or *audit* ~~the company's *reserves data* and~~its *reserves data*, *contingent resources data* or *prospective resources data*, if that data is included in the statement required under item 1 of section 2.1 of *NI 51-101,* and to have that evaluator or auditor report to the board of directors.

If the *reporting issuer* had no *reserves* during the year ~~and hence did~~, it would not need to retain an evaluator or auditor~~, then it would not need to retain one~~ just to file a (nil) report of the *independent* evaluators on the *reserves data* in the form of ~~*Form 51-101F2* and the *reporting issuer* would therefore not be required to file a~~ *Form 51-101F2*. If, however, the issuer did retain an evaluator or auditor to evaluate *reserves*, and the evaluator or auditor concluded that they could not be so categorized, or reclassified those *reserves* to *resources*, the issuer would have to file a report of the *qualified reserves evaluator* because the evaluator has, in fact, *evaluated* the *reserves* and expressed an opinion.

(3) ***Form 51-101F3 –*** Irrespective of whether the *reporting issuer* has *reserves* or *resources* other than *reserves* to report, the requirement to file a report of management and directors in the form of *Form 51-101F3* applies.

(4) ***Form 51-101F5 –*** Section 6.2 of *NI 51-101* requires *reporting issuers* that cease to be engaged in *oil and gas activities* to file a notice in the form of *Form 51-101F5*.

(5) **Other *NI 51-101* Requirements –** *NI 51-101* does not require *reporting issuers* to disclose *anticipated results* from ~~their~~, or estimates of a quantity or an estimated value attributable to an estimated quantity of, their *contingent resources* or *prospective resources*. However, if a *reporting issuer* chooses to disclose that type of information, ~~section 5.9 of *NI 51-101*~~sections 5.9, 5.16 and 5.17 of *NI 51-101* apply to that disclosure. If disclosed in the statement required under item 1 of section 2.1 of *NI 51-101*, Part 7 of *Form 51-101F1* also applies to that disclosure.

Section 5.3 of *NI 51-101* requires *reserves* and *resources* other than *reserves* to be disclosed using the applicable terminology and categories set out in the *COGE Handbook*.

2.6 *Reservation* in Report of *Independent Qualified Reserves Evaluator or Auditor*

A report of an *independent qualified reserves evaluator or auditor* on *reserves data* will not satisfy the requirements of item 2 of section 2.1 of *NI 51-101* if the report contains a *reservation*, ~~the cause of~~ which can be removed by the *reporting issuer* (subsection 2.4(2) of *NI 51-101*).

The *CSA* do not generally consider time and cost considerations to be causes of a *reservation* that cannot be removed by the *reporting issuer*.

A report containing a *reservation* may be acceptable if the *reservation* is caused by a limitation in the scope of the *evaluation* or *audit* resulting from an event that clearly limits the availability of necessary records and which is beyond the control of the *reporting issuer*. This could be the case if, for example, necessary records have been inadvertently destroyed and cannot be recreated or if necessary records are in a country at war and access is not practicable.

One potential source of *reservations*, which the *CSA* consider can and should be addressed in a different way, ~~could be~~is reliance by a *qualified reserves evaluator or auditor* on information derived or obtained from a *reporting issuer's independent* financial auditors or ~~reflecting~~reflected in their report. The *CSA* recommend that *qualified reserves evaluators or auditors* follow the procedures and guidance set out in both sections 4 and 12 of volume 1 of the *COGE Handbook* in respect of dealings with *independent* financial auditors. In so doing, the *CSA* expect that the quality of *reserves data* can be enhanced and a potential source of *reservations* can be eliminated.

2.7 Disclosure in *Form 51-101F1*

(1) **Royalty Interest in *Reserves* –** *Net reserves* (or "company *net reserves*") of a *reporting issuer* include its royalty interest in *reserves*.

If a *reporting issuer* cannot obtain the information it requires to enable it to include a royalty interest in *reserves* in its disclosure of *net reserves*, it should, proximate to its disclosure of *net reserves*, disclose that fact and its corresponding royalty interest share of *oil* and *gas production* for the year ended on the */ date*.

~~*Form 51-101F1* requires that certain *reserves data* be provided on both a "*gross*" and "*net*" basis, the latter being adjusted for both royalty entitlements and royalty obligations. However, if a royalty is granted by a trust's subsidiary to the trust, this would not affect the computation of "*net reserves*". The typical *oil* and *gas* income trust structure involves the grant of a royalty by an operating subsidiary of the trust to the trust itself, the royalty being the source of the distributions to trust investors. In this case, the royalty is wholly within the combined or consolidated trust entity (the trust and its operating subsidiary). This is not the type of external entitlement or obligation for which adjustment is made in determining, for example, "*net reserves*". Viewing the trust and its consolidated entities together, the relevant *reserves* and other *oil* and *gas* information is that of the operating subsidiary without deduction of the internal royalty to the trust.~~

(2) **Government Restriction on Disclosure –** If, because of a restriction imposed by a government or governmental authority having jurisdiction over a *property*, a *reporting issuer* excludes *reserves* information from its *reserves data* disclosed under *NI 51-101*, the disclosure should include a statement that identifies the *property* or country for which the information is excluded and explains the exclusion.

(3) **Computation of *Future Net Revenue***

(a) Tax

Reporting issuers are required to disclose estimates of after-tax net present value of *proved* and *probable reserves* in the statement prepared in accordance with *Form 51-101F1*. In addition, *reporting issuers* may, but are not required to, disclose volumes and estimates of risked after-tax net present value of *future net revenue* of *contingent resources* and *prospective resources* in an appendix to the statement prepared in accordance with *Form 51-101F1*. In a separate disclosure document, a *reporting issuer* may also disclose its *reserves* or other information of a type that is specified in the *Form 51-101F1* in the aggregate or for a portion of its activities, subject to the requirements of subparagraph 5.2(1)(a)(iii) and paragraph 5.2(1)(c) of *NI 51-101*.

Estimates of after-tax net present value are dependent on a number of factors including, but not limited to, one or more of the following:

- forecast future capital expenditure required to achieve forecast *production*;
- interaction with, or deductibility of, government royalties or proportionate sharing rights;
- inclusion of existing tax pool balances of the *reporting issuer* (inclusion is prescribed for *reporting issuer*-aggregate estimates according to section 7 of volume 1 of the *COGE Handbook*);
- tax pool write-off rates;
- sequence of tax pool utilization;
- applicability of special tax incentives; and
- forecast *production* revenue and expenses.

Each of these can have a significant impact on the outcome, which could mislead investors if not considered in the *evaluation* or if the *reporting issuer's* disclosure does not provide sufficient accompanying information.

If a *reporting issuer* discloses after-tax net present value, it should generally include, as appropriate, one or more of the following:

- a general explanation of the method and assumptions used in the *reporting issuer's* calculation, worded to reflect its specific circumstance and the approach taken. This need not be detailed, but major aspects should be addressed, such as whether tax pools have been included in the *evaluation*;

~~*Form 51-101F1* requires *future net revenue* to be estimated and disclosed both before and after deduction of income taxes. However, a *reporting issuer* may not be subject to income taxes because of its royalty or income trust structure. In this instance, the issuer should use the tax rate that most appropriately reflects the income tax it reasonably expects to pay on the *future net revenue*. If the issuer is not subject to income tax because of its royalty trust structure, then the most appropriate income tax rate would be zero. In this case, the issuer could present the estimates of *future net revenue* in only one column and explain, in a note to the table, why the estimates of before tax and after tax *future net revenue* are the same.~~

- an explanatory statement to the following effect:

  The after-tax net present value of [the name of company]'s oil and gas properties here reflects the tax burden on the properties on a stand-alone basis. It does not consider any tax planning. It does not provide an estimate of the value at the reporting issuer's related business entity, which may be significantly different. The financial statements and the management's discussion & analysis (MD&A) of the [name of reporting issuer] should be consulted for information at the level of the reporting issuer.

~~Also, tax~~Tax pools should be taken into account when computing *future net revenue* after income taxes. The definition of "future income tax expense" is set out in the *NI 51-101 Glossary*. Essentially, *future income tax expenses* represent estimated cash income taxes payable on the *reporting issuer's* future pre-tax cash flows. These cash income taxes payable should be computed by applying the appropriate year-end statutory tax rates, taking into account future tax rates already legislated, to future pre-tax *net* cash flows reduced by appropriate deductions of estimated unclaimed costs and losses carried forward for tax purposes and relating to *oil and gas activities* (i.e., tax pools). Such tax pools may include Canadian oil and gas property expense (COGPE), Canadian development expense (CDE), Canadian exploration expense (CEE), undepreciated capital cost (UCC) and unused prior year's tax losses. (~~Issuers~~*Reporting issuers* should be aware of limitations on the use of certain tax pools resulting from acquisitions of *properties* in situations where provisions of the Income Tax Act concerning successor corporations apply.)

(b) Other Fiscal Regimes

Other fiscal regimes, such as those involving *production* sharing contracts, should be adequately explained with appropriate allocations made to various ~~classes~~categories of *proved reserves* and to *probable reserves*.

(4) **Supplementary Disclosure of *Future Net Revenue* Using Constant Prices and Costs –** *Form 51-101F1* gives *reporting issuers* the option of disclosing *future net revenue*, together with associated estimates of *reserves* or *resources* other than *reserves*, ~~determined~~calculated using *constant prices and costs*. Constant prices and costs are assumed not to change throughout the life of a *property*, except to the extent of certain fixed or presently determinable future prices or costs to which the *reporting issuer* is legally bound by a contractual or other obligation to supply a physical product (including those for an extension period of a contract that is likely to be extended).

(4.1) **Estimates of *Contingent Resources* and *Prospective Resources***

Estimates of *contingent resources* should be disclosed to the most specific category set out in the *COGE Handbook,* which includes *project maturity sub-classes* for *contingent resources*.

Since *contingent resources* and *prospective resources* are subject to risks that result in less than 100% *chance of commerciality*, the *qualified reserves evaluator or auditor* of a *reporting issuer* will need to address those risks in the estimation and classification of that *reporting issuer's* publicly disclosed *contingent resources* and *prospective resources*. There are many methods to accomplish this and no particular method is being prescribed.

Expected Value Theory is one of the methods which can be used to quantify the risked volumes and values of the *resources*. The expected value is the sum of all the possible outcomes of a *project*, such as volumes and values of the *resources,* multiplied by their respective estimated probabilities of occurrence. The expected value is not the actual value of the *contingent resources* or *prospective resources* for a particular *project* but an average of the outcomes weighted by probabilities of the outcomes. If a *reporting issuer* has a large number of similar *projects* and they are executed many times, the actual value obtained may approach the expected value. Expected value is a decision tool to decide if a *project* will go ahead.

If the expected value is in monetary terms, the calculated expected value is termed Expected Monetary Value (EMV) and it is one applicable method that can be used to estimate a risked net present value of *future net revenue*. One occurrence of a single *project* is unlikely to achieve the calculated EMV. In theory, by always choosing *projects* with the greatest positive EMV, the *reporting issuer* may achieve better results than by making more random decisions. The *COGE Handbook* states that EMV is not a projection of revenue but a tool for companies to determine whether it makes sense to proceed with a *project* to develop potential sales volumes. *Reporting issuers* will need to explain how those volumes and values were determined if included under Item 7.1 or 7.2 of *Form 51-101F1*.

Contingent resources in the *development pending project maturity sub-class* have the highest chance of development and *commerciality* of all *resources* other than *reserves*. Because there is additional uncertainty with the other *project maturity sub-classes* of *contingent resources* and *prospective resources*, disclosure of the risked net present value of *prospective resources* and *contingent resources* other than in the *development pending project maturity sub-class* should be accompanied by a detailed explanation of *chance of commerciality*, which includes both the *chance of discovery* and the *chance of development* based on economic and development-related factors (such as development plans, production forecasts, markets, facilities, capital and operating costs, product prices and approvals) in the case of *prospective resources* and *chance of development* in the case of *contingent resources*. Without disclosure relating to the *chance of discovery* and *chance of development*, disclosure of the risked net present value of *prospective resources* and

contingent resources other than in the *development pending project maturity sub-class* may be misleading.

(5) ***[REPEALED – December 30, 2010]*** **Repealed.**

(6) ***Reserves*** **Reconciliation**

(a) If the *reporting issuer* reports *reserves*, but had no *reserves* to report at the start of the reconciliation period, a reconciliation of *reserves* must be carried out if any *reserves* added during the previous year are *material*. Such a reconciliation will have an opening balance of zero.

(b) The *reserves* reconciliation is prepared on a *gross reserves*, not *net reserves*, basis. For some *reporting issuers* with significant royalty interests, such as royalty trusts, the *net reserves* may exceed the *gross reserves*. In order to provide adequate disclosure given the distinctive nature of its business, the *reporting issuer* may also disclose its *reserves* reconciliation on a *net reserves* basis. The *reporting issuer* is not precluded from providing this additional information with its disclosure prescribed in *Form 51-101F1* provided that the *net reserves* basis for the reconciliation is clearly identified in the additional disclosure to avoid confusion.

(c) Clause 2(c)(ii) of item 4.1 of *Form 51-101F1* requires reconciliations of *reserves* to separately identify and explain reserves changes, including technical revisions. Technical revisions show changes in existing *reserves* estimates, in respect of carried-forward *properties*, over the period of the reconciliation (i.e., between estimates as at the *effective date* and the prior year's estimate) and are the result of new technical information, not the result of capital expenditure. With respect to making technical revisions, the following should be noted:

- Infill Drilling: It would not be acceptable to include infill drilling results as a technical revision. *Reserves* additions derived from infill drilling during the year are not attributable to revisions to the previous year's *reserves* estimates. Infill drilling *reserves* must either be included in the "extensions and improved recovery" reserve change category or in an additional stand-alone reserve change category in the *reserves* reconciliation labelled "infill drilling".

- Acquisitions: If an acquisition is made during the year, (i.e., in the period between the *effective date* and the prior year's estimate), the *reserves* estimate to be used in the reconciliation is the estimate of *reserves* at the *effective date*, not at the acquisition date, plus any *production* since the acquisition date. This *production* must be included as *production* in the reconciliation. If there has been a change in the *reserves* estimate between the acquisition date and the *effective date* other than that due to *production*, the *reporting issuer* ~~may wish to~~should explain this as part of the reconciliation in a footnote to the reconciliation table.

(7) **Significant Factors or Uncertainties –** Item 5.2 of *Form 51-101F1* requires ~~an~~a *reporting issuer* to identify and discuss important economic factors or significant uncertainties that affect particular components of the *reserves data*.

Important economic factors or significant uncertainties may include *abandonment and reclamation costs,* unusually high expected *development costs* or *operating costs*, or contractual obligations to produce and sell a significant portion of *production* at prices substantially below those which could be realized but for those contractual obligations.

Incidents that lead to a significant decrease in the volume of *production* from business operations should be disclosed. This may include *production* losses due to theft and sabotage. In order to not be misleading, the decrease in the volume of *production* should be considered for disclosure when a *reporting issuer* sets out first–year *production* estimates under *Form 51-101F1* requirements.

~~For example, if~~If events subsequent to the *effective date* but prior to the preparation date have resulted in significant changes in expected future prices, such that the forecast prices reflected in the *reserves data* differ ~~materially~~significantly from those that would be considered to be a reasonable outlook on the future around the date of the company's "statement of reserves data and other information", then the *reporting issuer's* statement might include, pursuant to item 5.2, a discussion of that change and its effect on the disclosed *future net revenue* estimates. It may be misleading to omit this information. Refer to subsection 2.8(3) of this Companion Policy respecting the related commentary relating to *qualified reserves evaluators or auditors*.

(8) **Additional Information –** As discussed in section 2.3 above and in the instructions to *Form 51-101F1*, *NI 51-101* offers flexibility in the use of the prescribed forms and the presentation of required information.

The disclosure prescribed in *Form 51-101F1* is the minimum disclosure required, subject to the *materiality* standard. *Reporting issuers* may provide additional disclosure that is not inconsistent with *NI 51-101* and not misleading.

To the extent that additional, or more detailed, disclosure can be expected to assist readers in understanding and assessing the mandatory disclosure, it is encouraged. Indeed, to the extent that additional disclosure of *material* facts is necessary in order to make mandated disclosure not misleading, a failure to provide that additional disclosure would amount to a misrepresentation.

(9) **Sample *Reserves Data* Disclosure –** Appendix 1 to this Companion Policy sets out an example of how certain of the *reserves data*, *contingent resources data* and *prospective resources data* might be presented in a manner which the *CSA* consider to be consistent with *NI 51-101* and *Form 51-101F1*. The *CSA* encourages *reporting issuers* to use the format presented in Appendix 1.

The sample presentation in Appendix 1 also illustrates how certain additional information not mandated under *Form 51-101F1* might be incorporated in an annual filing.

2.8 *Form 51-101F2*

(1) **Negative Assurance by *Qualified Reserves Evaluator or Auditor*** – A *qualified reserves evaluator or auditor* conducting a review may wish to express only negative assurance – for example, in a statement such as "Nothing has come to my attention which would indicate that the reserves data have not been prepared in accordance with principles and definitions presented in the Canadian Oil and Gas Evaluation Handbook". This can be contrasted with a positive statement such as an opinion that "The reserves data have, in all material respects, been determined and presented in accordance with the Canadian Oil and Gas Evaluation Handbook and are, therefore, free of material misstatement".

The *CSA* are of the view that statements of negative assurance can be misinterpreted as providing a higher degree of assurance than is intended or warranted.

The *CSA* believe that a statement of negative assurance would constitute so *material* a departure from the report prescribed in *Form 51-101F2* as to fail to satisfy the requirements of item 2 of section 2.1 of *NI 51-101*.

In the rare case, if any, in which there are compelling reasons for making such disclosure (e.g., a prohibition on disclosure to external parties), the *CSA* believe that, to avoid providing information that could be misleading, the *reporting issuer* should include in such disclosure useful explanatory and cautionary statements. Such statements should explain the limited nature of the work undertaken by the *qualified reserves evaluator or auditor* and the limited scope of the assurance expressed, noting that it does not amount to a positive opinion.

(2) **Variations in Estimates** – The report prescribed by *Form 51-101F2* contains statements to the effect that variations between *reserves data*, *contingent resources data* and *prospective resources data* and actual results may be *material* but ~~*reserves*~~those estimates have been determined in accordance with the *COGE Handbook*, which has been consistently applied.

Reserves and *resources* other than *reserves* estimates are made at a point in time, being the *effective date*. A reconciliation of a *reserves* and *resources* other than *reserves* estimate to actual results is likely to show variations and the variations may be *material*. This variation may arise from factors such as exploration discoveries, acquisitions, divestments and economic factors that were not considered in the initial *reserves* estimate. Variations that occur with respect to *properties* that were included in both the *reserves* and *resources* other than *reserves* estimate and the actual results may be due to technical or economic factors. Any variations arising due to technical factors must be consistent with the fact that *reserves* and *resources* other than *reserves* are categorized according to the probability of their recovery. ~~For example, the requirement that reported *proved reserves* "must have at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated *proved reserves*" (section 5 of volume 1 of the *COGE Handbook*) implies that as more technical data becomes available, a positive, or upward, revision is significantly more likely than a negative, or downward, revision. Similarly, it should be equally likely that revisions to an estimate of *proved* plus *probable reserves* will be positive or negative.~~

~~*Reporting issuers* must assess the magnitude of such variation according to their own circumstances. A *reporting issuer* with a limited number of *properties* is more likely to be affected by a change in one of these *properties* than a *reporting issuer* with a greater number of *properties*. Consequently, *reporting issuers* with few *properties* are more likely to show larger variations, both positive and negative, than those with many *properties*.~~

~~Variations may result from factors that cannot be reasonably anticipated, such as the fall in the price of *bitumen* at the end of 2004 that resulted in significant negative revisions in *proved reserves*, or the unanticipated activities of a foreign government. If such variations occur, the reasons will usually be obvious. However, the assignment of a *proved reserve*, for instance, should reflect a degree of confidence in all of the relevant factors, at the *effective date*, such that the likelihood of a negative revision is low, especially for a *reporting issuer* with many properties. Examples of some of the factors that could have been reasonably anticipated, that have led to negative revisions of *proved* or of *proved* plus *probable reserves* are:~~

- ~~Over-optimistic activity plans, for instance, booking reserves for *proved* or *probable undeveloped reserves* that have no reasonable likelihood of being drilled.~~
- ~~*Reserves* estimates that are based on a forecast of *production* that is inconsistent with historic performance, without solid technical justification.~~
- ~~Assignment of drainage areas that are larger than can be reasonably expected.~~
- ~~The use of inappropriate analogs.~~

(3) ***Effective date* of *Evaluation* –** A *qualified reserves evaluator or auditor* cannot prepare an evaluation using information that relates to events that occurred after the *effective date*, being the financial year-end. Information that relates to events that occurred after the year-end should not be incorporated into the forecasts. For example, information about drilling results from wells drilled in January or February, or changes in *production* that occurred after year-end date of December 31, should not be used. Even though this more recent information is available, the evaluator or auditor should not go back and change the forecast information for disclosure purposes. The forecast is to be based on the evaluator's or auditor's perception of the future as of December 31, the *effective date* of the report. Refer to subsection 2.7(4.1)(7) of this Companion Policy respecting the related commentary relating to *reporting issuers*.

~~Similarly, the evaluator or auditor should not use price forecasts for a date subsequent to the year-end date of, in this example, December 31. The evaluator or auditor should use the prices that he or she forecasted on or around December 31. The evaluator or auditor should also use the December forecasts for exchange rates and inflation. Revisions to price, exchange rate or inflation rate forecasts after December 31 would have resulted from events that occurred after December 31.~~

2.9 Chief Executive Officer

Paragraph 2.1(3)(e) of *NI 51-101* requires a *reporting issuer* to file a report in accordance with *Form 51-101F3* that is executed by the chief executive officer. The term "chief executive officer" should be read to include the individual who has the responsiblities normally associated with this position or the person who acts in a similar capacity. This determination should be made irrespective of an individual's corporate title and whether that individual is employed directly or acts pursuant to an agreement or understanding.

2.10 *Reporting Issuer* Not a Corporation

If a *reporting issuer* is not a corporation, a report in accordance with *Form 51-101F3* would be executed by the persons who, in relation to the *reporting issuer*, are in a similar position or perform similar functions to the persons required to execute under paragraph 2.1(3)(e) of *NI 51-101*.

PART 3 RESPONSIBILITIES OF *REPORTING ISSUERS* AND DIRECTORS

3.1 *Reserves* Committee

Section 3.4 of *NI 51-101* enumerates certain responsibilities of the board of directors of a *reporting issuer* in connection with the preparation of *oil* and *gas* disclosure.

The *CSA* believe that certain of these responsibilities can in many cases more appropriately be fulfilled by a smaller group of directors who bring particular experience or abilities and an *independent* perspective to the task.

Subsection 3.5(1) of *NI 51-101* permits a board of directors to delegate responsibilities (other than the responsibility to approve the content or filing of certain documents) to a committee of directors, a majority of whose members are independent of management. Although subsection 3.5(1) is not mandatory, the *CSA* encourage *reporting issuers* and their directors to adopt this approach.

3.2 Responsibility for Disclosure

NI 51-101 requires the involvement of an *independent qualified reserves evaluator or auditor* in preparing or reporting on certain *oil* and *gas* information disclosed by a *reporting issuer*, and in section 3.2 mandates the appointment of an *independent qualified reserves evaluator or auditor* to report on *reserves data* and *resources* other than *reserves* data.

The *CSA* do not intend or believe that the involvement of an *independent qualified reserves evaluator or auditor* relieves the *reporting issuer* of responsibility for information disclosed by it for the purposes of *NI 51-101*.

PART 4 MEASUREMENT

4.1 Consistency in Dates

Section 4.2 of *NI 51-101* requires consistency in the timing of recording the effects of events or transactions for the purposes of both annual financial statements and annual *reserves data* disclosure.

To ensure that the effects of events or transactions are recorded, disclosed or otherwise reflected consistently (in respect of timing) in all public disclosure, a *reporting issuer* will wish to ensure that both its financial auditors and its *qualified reserves evaluators or auditors*, as well as its directors, are kept apprised of relevant events and transactions, and to facilitate communication between its financial auditors and its *qualified reserves evaluators or auditors*.

Sections 4 and 12 of volume 1 of the *COGE Handbook* set out procedures and guidance for the conduct of *reserves evaluations* and *reserves audits*, respectively. Section 12 deals with the relationship between a *reserves* auditor and the client's financial auditor. Section 4, in connection with *reserves evaluations*, deals somewhat differently with the relationship between the *qualified reserves evaluator or auditor* and the client's financial auditor. The *CSA* recommend that *qualified reserves evaluators or auditors* carry out the procedures discussed in both sections 4 and 12 of volume 1 of the *COGE Handbook*, whether conducting a *reserves evaluation* or a *reserves audit*.

PART 5 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

5.1 Application of Part 5

(1) **General –** Part 5 of *NI 51-101* imposes requirements and restrictions that apply to all “disclosure” (or, in some cases, all written disclosure) of a type described in section 5.1 of *NI 51-101*. Section 5.1 refers to disclosure that is either

- filed by a *reporting issuer* with the *securities regulatory authority*, or
- if not filed, otherwise made available to the public or made in circumstances in which, at the time of making the disclosure, the *reporting issuer* expects, or ought reasonably to expect, the disclosure to become available to the public.

As such, Part 5 applies to a broad range of disclosure including

- the annual filings required under Part 2 of *NI 51-101*,
- other continuous disclosure filings, including material change reports (which themselves may also be subject to Part 6 of *NI 51-101*),
- public disclosure documents, whether or not filed, including news releases,
- public disclosure made in connection with a distribution of securities, including a prospectus, and
- except in respect of provisions of Part 5 that apply only to written disclosure, public speeches and presentations made by representatives of the *reporting issuer* on behalf of the *reporting issuer*.

For these purposes, the *CSA* consider written disclosure to include any writing, map, plot or other printed representation whether produced, stored or disseminated on paper or electronically. For example, if material

distributed at a company presentation refers to *BOEs*, the material should ~~include, near the reference to *BOEs*, the cautionary statement required by paragraph 5.14(d)~~be prepared in accordance with section 5.14 of *NI 51-101*.

To ensure compliance with the requirements of Part 5, the *CSA* encourage *reporting issuers* to involve a *qualified reserves evaluator or auditor*, or other person who is familiar with *NI 51-101* and the *COGE Handbook*, in the preparation, review or approval of all such *oil* and *gas* disclosure.

(2) **Supplementary Resources Disclosure** – All public disclosure of *reserves* or *resources* other than *reserves* made by a *reporting issuer* must be made in accordance with Part 5 of *NI 51-101*. This means that *reserves* and *resources* other than *reserves* disclosed publicly by a *reporting issuer* must be *evaluated* in accordance with the *COGE Handbook*. A *reporting issuer* may supplement its disclosure of *reserves* or *resources* other than *reserves evaluated* in accordance with an alternative *resources* evaluation standard under section 5.18 of *NI 51-101,* to the extent that such disclosure is not contrary to section 5.18 of *NI 51-101*. Alternative *resources* evaluation standards that the *CSA* considers acceptable include the *SEC*'s oil and gas disclosure framework and the Petroleum Resource Management System prepared by the Society of Petroleum Engineers.

The *CSA* are of the view that disclosure is "required under the laws of or by a foreign jurisdiction" when, in order to access the capital markets of a foreign jurisdiction, a *reporting issuer* is required by that jurisdiction to present *reserves* or *resources* other than *reserves* disclosure in accordance with that jurisdiction's *resources* evaluation standard.

If a reporting issuer re-discloses a *reserves* or *resources* other than *reserves* estimate that has been provided in response to the laws of a foreign jurisdiction in public disclosure that has not been required by a foreign jurisdiction (for example, in a news release), a *reporting issuer* will need to consider whether there is sufficient context in the non-required disclosure to allow a reader of that document to appreciate the nature of the alternative *resources* evaluation standard and the differences between the estimate prepared under NI 51-101 and the alternative *resources* evaluation standard.

Paragraphs 5.18(2)(b) and (3)(c) of NI 51-101 require a description of the differences between an estimate prepared under an alternative *resources* evaluation standard and an estimate prepared under *NI 51-101* and the *COGE Handbook*, and the reasons for those differences, but does not require an actual reconciliation of those estimates

5.2 Disclosure of *Reserves* and Other Information

(1) **General –** A *reporting issuer* must comply with the requirements of section 5.2 of *NI 51-101* in its disclosure, to the public, of *reserves* estimates and other information of a type specified in *Form 51-101F1*. This would include, for example, disclosure of such information in a news release.

(2) ***Reserves* –** *NI 51-101* does not prescribe any particular methods of estimation but it does require that a ~~*reserve*~~*reserves* estimate be prepared in accordance with the *COGE Handbook*. ~~For example, section 5 of volume 1 of the *COGE Handbook* specifies that, in respect of an issuer's reported proved *reserves*, there is to be at least a 90 percent probability that the total remaining quantities of *oil* and *gas* to be recovered will equal or exceed the estimated total *proved reserves*.~~

~~Additional guidance on particular topics is provided below.~~

(3) ***Possible Reserves* –** A *possible reserves* estimate **–** either alone or as part of a sum **–** is often a relatively large number that, by definition, has a low probability of actually being ~~produced~~recovered. For this reason, the cautionary language prescribed in subparagraph 5.2(1)(a)(v) of *NI 51-101* must accompany the written disclosure of a *possible reserves* estimate.

(4) **Probabilistic and Deterministic *Evaluation* Methods –** Section 5 of volume 1 of the *COGE Handbook* states that "In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods".

When deterministic methods are used, in the absence of a "mathematically derived quantitative measure of probability", the classification of *reserves* is based on professional judgment as to the quantitative measure of certainty attained.

When probabilistic methods are used in conjunction with good engineering and geological practice, they will provide more statistical information than the conventional deterministic method. The following are a few critical criteria that an evaluator must satisfy when applying probabilistic methods:

- The evaluator must still estimate the *reserves* and *resources* other than *reserves* applying the definitions and using the guidelines set out in the *COGE Handbook*.

- Entity level probabilistic *reserves* and *resources* other than *reserves* estimates should be aggregated arithmetically to provide reported level *reserves* and *resources* other than *reserves*.

- If the evaluator also prepares aggregate *reserves* and *resources* other than *reserves* estimates using probabilistic methods, the evaluator should explain in the *evaluation* report the method used. In particular with respect to *reserves*, the evaluator should specify what confidence levels were used at the entity, *property*, and reported (i.e., total) levels for each of *proved*, *proved* + *probable* and *proved* + *probable* + *possible* (if reported) *reserves*.

- If the *reporting issuer* discloses the aggregate *reserves* and *resources* other than *reserves* that the evaluator prepared using probabilistic methods, the *reporting issuer* should provide a brief explanation, near ~~its~~that disclosure, about the *reserves* and *resources* other than *reserves* definitions used for estimating the *reserves* and *resources* other than *reserves*, about the method that the evaluator used, and the underlying confidence levels that the evaluator applied.

(5) **Availability of Funding –** In assigning *reserves* to an undeveloped *property*, the *reporting issuer* is not required to have the funding available to develop the *reserves*, since they may be developed by means other than the expenditure of the *reporting issuer's* funds (for example by a farm-out or sale). *Reserves* must be estimated assuming that development of the *properties* will occur without regard to the likely availability of funding required for that *property*. ~~The *reporting issuer's* evaluator is not required to consider whether the *reporting issuer* will have the capital necessary to develop the *reserves*.~~ (See section 7 of volume 1 of the *COGE Handbook* and subparagraph 5.2(1)(a)(iv) of *NI 51-101*.~~)~~

However, item 5.3 of *Form 51-101F1* requires a *reporting issuer* to discuss its expectations as to the sources and costs of funding for estimated future *development costs*. If~~ the issuer expects that~~ the costs of funding would make development of a *property* unlikely, then even if *reserves* were assigned, ~~it~~the *reporting issuer* must ~~also~~ discuss that expectation and its plans for the *property*.

Disclosure of an estimate of *reserves*, *contingent resources* or *prospective resources* in respect of which timely availability of funding for development is not assured may be misleading if that disclosure is not accompanied, proximate to it, by a discussion (or a cross-reference to such a discussion in other disclosure filed by the *reporting issuer* on *SEDAR*) of funding uncertainties and their anticipated effect on the timing or completion of such development (or on any particular stage of multi-stage development such as often observed in ~~oilsands~~oil sands developments).

(6) ***Proved* or *Probable Undeveloped Reserves –*** *Proved* or *probable undeveloped reserves* must be reported in the year in which they are recognized. If the *reporting issuer* does not disclose the *proved* or *probable undeveloped reserves* ~~just because it has not yet spent the capital to develop these *reserves*~~, it may be omitting *material* information, thereby causing the *reserves* disclosure to be misleading. If the *proved* or *probable undeveloped reserves* are not disclosed to the public, then those who have a special relationship with the *reporting issuer* and know about the existence of these *reserves* would not be permitted to purchase or sell the securities of the *reporting issuer* until that information has been disclosed. If the *reporting issuer* has filed or intends to file a prospectus, the prospectus might not contain "full, true and plain disclosure" of all *material* facts if it does not contain information about these *proved* or *probable undeveloped reserves*. *Reporting issuers* should review section 10.3 of volume 1 of the *COGE Handbook* for a discussion on what information is to be included in disclosure about these *reserves*.

(7) **Mechanical Updates –** So-called "mechanical updates" of *reserves* and *resources* other than *reserves* reports are sometimes created, often by rerunning previous *evaluations* with a new price deck. This is problematic since there may have been *material* changes other than price that may ~~lead to~~result in the report being misleading. If a *reporting issuer* discloses the results of the mechanical update it should ensure that all relevant *material changes* are also disclosed ~~to ensure~~so that the information is not misleading.

5.3 Classification of *Reserves* and of *Resources* Other ~~than~~Than *Reserves*

Section 5.3 of *NI 51-101* requires that any disclosure of *reserves* or of *resources* other than *reserves* must apply the applicable categories and terminology set out in the *COGE Handbook*. The definitions of ~~various~~ *resource* categories, derived from the *COGE Handbook*, are provided in the *NI 51-101 Glossary*. In addition, section 5.3 of *NI 51-101* requires that disclosure of *reserves* or of *resources* other than *reserves* must relate to the most specific category of *reserves* or of *resources* other than *reserves* in which the *reserves* or *resources* other than *reserves* can be classified. For instance, there are several ~~subcategories of *discovered resources* including *reserves*, *contingent resources* and *discovered unrecoverable resources*~~*project maturity sub-classes* of *contingent resources* including *development pending, development on-hold, development unclarified and development not viable*.

Reserves can be characterized as *proved*, *probable* or *possible* ~~*reserves*~~, according to the probability that such quantities will actually be produced. As described in the *COGE Handbook*, *proved*, *probable* and *possible reserves* represent conservative, realistic and optimistic estimates of *reserves*, respectively. Therefore, any disclosure of *reserves* must indicate whether they are *proved*, *probable* or *possible reserves*.

Reporting issuers that disclose *resources* other than *reserves* must identify those *resources* as *discovered* or *undiscovered* ~~*resources*~~ except in exceptional circumstances where the most specific category is *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place*, in which case the ~~reporting issuer~~*reporting issuer* must comply with subsection 5.16(3) of *NI 51-101*.

5.4 *Natural Gas By-Products*

~~For further guidance on disclosure of *reserves* and of *resources* other than *reserves*, see sections 5.2 and 5.5 of this Companion Policy.~~

Section 5.5 of *NI 51-101* does not allow *natural gas liquids reserves (NGLs)* to be assigned prior to the *first point of sale* unless the *NGLs* have been extracted from the *natural gas* stream. If the *NGLs* will be extracted prior to the *first point of sale*, it may be appropriate to disclose *NGLs reserves* if there is a contract in place that explicitly provides for alternate delivery or marketing arrangements.

~~**5.4 Written Consents**~~

5.5 *Future Net Revenue* Not Fair Market Value

~~Section 5.7 of *NI 51-101* restricts a *reporting issuer's* use of a report of a *qualified reserves evaluator or auditor* without written consent. The consent requirement does not apply to the direct use of the report for the purposes of *NI 51-101* (filing *Form 51-101F1*, or making direct or indirect reference to the conclusions of that report in the filed *Form 51-101F1* and *Form 51-101F3*). The *qualified reserves evaluator or auditor* retained to report to a *reporting issuer* for the purposes of *NI 51-101* is expected to anticipate these uses of the report. However, further use of the report (for example, in a securities offering document or in other news releases) would require written consent.~~
A risked or unrisked net present value of *future net revenue* is not a measure of fair market value.

5.6 Evaluator or Auditor Consent

Section 4.4 of volume 1 of the *COGE Handbook* recommends the preparation of an engagement letter that specifies a "project description confirming the scope and objective of the [evaluation] project". An *evaluation* report is typically prepared for a particular purpose. *CSA* staff recommend that *reporting issuers* seek the consent of the evaluator prior to disclosing information from a report for a purpose other than which the report was prepared, or for selective disclosure from any report. A requirement for the evaluator's consent to disclose part or all of an *evaluation* is often part of this engagement letter.

~~5.5~~5.7 Disclosure of *Resources* Other than *Reserves*

(1) **Disclosure of *Resources* Generally –** The disclosure of *resources*, excluding *proved* and *probable reserves*, is not mandatory under *NI 51-101*, except that a *reporting issuer* must make disclosure concerning its *unproved properties* and *resource* activities in its annual filings as described in Part 6 of *Form 51-101F1*. Additional disclosure beyond this is voluntary and must comply with section 5.9 of *NI 51-101* if *anticipated results* from the *resources* other than *reserves* are voluntarily disclosed.

For prospectuses, the general securities disclosure obligation of "full, true and plain" disclosure of all *material* facts would require the disclosure of *reserves* or of *resources* other than *reserves* that are *material* to the *reporting issuer*, even if the disclosure is not mandated by *NI 51-101*. Any such disclosure should be based on supportable analysis.

Disclosure of *resources* other than *reserves* may involve the use of statistical measures that may be unfamiliar to a user. It is the responsibility of the evaluator and the *reporting issuer* to be familiar with these measures and for the *reporting issuer* to be able to explain them to investors. Information on statistical measures may be found in the *COGE Handbook* (section 9 of volume 1 and section 4 of volume 2) and in the extensive technical literature[41] on the subject.

(2) **Disclosure of *Anticipated Results* under Subsection 5.9(1) of *NI 51-101* –** If a *reporting issuer* voluntarily discloses *anticipated results* from *resources* that are not classified as *reserves*, it must disclose certain basic information concerning the *resources*, which is set out in subsection 5.9(1) of *NI 51-101*. Additional disclosure requirements arise if the *anticipated results* disclosed by the *reporting issuer* include an estimate of a *resource* quantity or associated value, as set out below in subsection ~~5.5~~5.7(3).

If a *reporting issuer* discloses *anticipated results* relating to numerous aggregated *properties, prospects* or *resources*, the *reporting issuer* may, depending on the circumstances, satisfy the requirements of subsection 5.9(1) by providing summarized information in respect of each prescribed requirement. The *reporting issuer* must ensure that its disclosure is reasonable, meaningful and at a level appropriate to its size.

For a *reporting issuer* with ~~only~~a few *properties*, it may be appropriate to make the disclosure for each *property*. ~~Such disclosure may be unreasonably onerous for~~For a *reporting issuer* with many *properties*, ~~and~~ it may be more appropriate to summarize the information by major areas or for major *projects*. However, the convenience of aggregating *properties* will not justify disclosure of *resources* in a category ~~or subcategory~~ less specific than ~~would otherwise be possible, and~~ required to be disclosed by subsection 5.3~~(1)~~ of *NI 51-101*.

~~In respect of the requirement to disclose the risk and level of uncertainty associated with the *anticipated result* under paragraph 5.9(1)(d) of *NI 51-101*, risk and uncertainty are related concepts. Section 9 of volume 1 of the *COGE Handbook* provides the following definition of risk:~~

> ~~"Risk refers to a likelihood of loss and … It is less appropriate to *reserves* evaluation because economic viability is a prerequisite for defining *reserves*."~~

~~The concept of risk may have some limited relevance in disclosure related to *reserves*, for instance, for incremental *reserves* that depend on the installation of a compressor, the likelihood that the compressor will be installed. Risk is often relevant to the disclosure of *resource* categories other than *reserves*, in particular the likelihood that an exploration well will, or will not, be successful.~~

Section 9 of volume 1 of the *COGE Handbook* provides the following definition of uncertainty:

> "Uncertainty is used to describe the range of possible outcomes of a *reserves* estimate."

However, the concept of uncertainty is generally applicable to any estimate, including not only *reserves*, but also to all other categories of ~~*resource*~~*resources*.

In satisfying the requirement of paragraph 5.9(1)(d) of *NI 51-101,* a *reporting issuer* should ensure that their disclosure includes the risks and uncertainties that are appropriate and meaningful for their activities. This may be expressed quantitatively as probabilities or qualitatively by appropriate description. If the *reporting issuer* chooses to express the risks and level of uncertainty qualitatively, the disclosure must be meaningful and not in the nature of a general disclaimer.

If the *reporting issuer* discloses the estimated value of an *unproved property* other than a value attributable to an estimated *resource* quantity, then the *reporting issuer* must disclose the basis of the calculation of the value, in accordance with paragraph 5.9(1)(e)~~.~~ of *NI 51-101.* This type of value is typically based on *petroleum* land management practices that consider activities and land prices in nearby areas. If done *independently*, it would be done by a valuator with petroleum land management expertise who would generally be a member of a *professional organization* such as the Canadian Association of Petroleum Landmen. This is distinguishable from the determination of a value attributable to an estimated *resource* quantity, as contemplated in subsection 5.9(2)~~.~~ of *NI 51-101.* This latter type of value estimate must be prepared by a *qualified reserves evaluator or auditor*.

[41] For example, Determination of Oil and Gas Reserves, Monograph No. 1, Chapter 22, Petroleum Society of CIM, Second Edition 2004. (ISBN 0-9697990-2-0)~~)~~ Newendorp, P., & Schuyler, J., 2000, Decision Analysis for Petroleum Exploration, Planning Press, Aurora, Colorado (ISBN 0-9664401-1-0). Rose, P. R., Risk Analysis and Management of Petroleum Exploration Ventures, AAPG Methods in Exploration Series No. 12, AAPG (ISBN 0-89181-062-1)

The calculation of an estimated value described in paragraph 5.9(1)(e) of *NI 51-101* may be based on one or more of the following factors:

- the acquisition cost of the *unproved property* to the *reporting issuer*, provided there have been no *material* changes in the *unproved property*, the surrounding *properties*, or the general *oil* and *gas* economic climate since acquisition;
- recent sales by others of interests in the same *unproved property*;
- terms and conditions, expressed in monetary terms, of recent farm-in agreements related to the *unproved property*;
- terms and conditions, expressed in monetary terms, of recent work commitments related to the *unproved property*;
- recent sales of similar *properties* in the same general area;
- recent exploration and discovery activity in the general area;
- the remaining term of the *unproved property*; or
- burdens (such as overriding royalties) that impact on the value of the *property*.

The *reporting issuer* must disclose the basis of the calculation of the value of the *unproved property*, which may include one or more of the above-noted factors.

The *reporting issuer* must also disclose whether the value was prepared by an *independent* party. In circumstances in which paragraph 5.9(1)(e) of *NI 51-101* applies and where the value is prepared by an *independent* party, in order to ensure that the *reporting issuer* is not making public disclosure of misleading information, the *CSA* expect the *reporting issuer* to provide all relevant information to the valuator to enable the valuator to prepare the estimate.

(3) **Disclosure of an Estimate of Quantity or Associated Value of a *Resource* under Subsection 5.9(2) of *NI 51-101***

(a) Overview of Subsection 5.9(2) of *NI 51-101*

Pursuant to subsection 5.9(2) of *NI 51-101*, if a *reporting issuer* discloses an estimate of a *resource* quantity or an associated value, the estimate must have been prepared by a *qualified reserves evaluator or auditor*. *Contingent resources data* and *prospective resources data* disclosed as an appendix (see Instruction 1 of Part 7 of *Form 51-101F1*) to the statement required under item 1 of section 2.1 of *NI 51-101* must have been prepared by an *independent qualified reserves evaluator or auditor.*

If a *reporting issuer* ~~obtains or carries out an evaluation of *resources*~~provides disclosure of *reserves data*, *contingent resources data* or *prospective resources data* outside of its annual required filings under section 2.1 of *NI 51-101* and wishes to file or disseminate a report in a format comparable to that prescribed in *Form 51-101F2*, it may do so. However, the title of such a form ~~must~~should not contain the term "*Form 51-101 F2*" as this form is specific to the ~~evaluation of *reserves data*. *Reporting issuers* must modify the report on *resources* to reflect that *reserves data* is not being reported.~~report required by item 2 of section of 2.1 of *NI 51-101.* A heading such as "Report on Resource Estimate by Independent Qualified Reserves Evaluator or Auditor" may be appropriate. Although such an evaluation is required to be carried out by a *qualified reserves evaluator or auditor*, there is no requirement that it be *independent*. If an *independent* party does not prepare the report, *reporting issuers* should consider amending the title or content of the report to make it clear that the report has not been prepared by an *independent* party and the ~~*resource*~~*resources* estimate is not an independent ~~*resource*~~*resources* estimate.

~~The *COGE Handbook* recommends the use of probabilistic *evaluation* methods for making *resource* estimates, and although it does not provide detailed guidance there is a considerable amount of technical literature on the subject.~~

Pursuant to section 5.3 of *NI 51-101*, the *reporting issuer* must ensure that the estimated ~~*resource* relates~~*resources* relate to the most specific applicable category of *resources* in which the ~~*resource*~~*resources* can be classified. As discussed above in subsection ~~5.5~~5.7(2) of this Companion Policy, if a *reporting issuer*

wishes to disclose an aggregate ~~*resource*~~*resources* estimate which involves the aggregation of numerous *properties, prospects* or *resources*, it must ensure that the disclosure does not result in a contravention of the requirement in subsection 5.3(1) of *NI 51-101*. A *reporting issuer* should be aware that the disclosure of the summation of volumes from an economic *project* with an un-economic *project* may be misleading.

Subsection 5.9(2) of *NI 51-101* requires the *reporting issuer* to disclose certain information in addition to that prescribed in subsection 5.9(1) of *NI 51-101* to assist recipients of the disclosure in understanding the nature of risks associated with the estimate. This information includes a definition of the *resource* category used for the estimate, disclosure of factors relevant to the estimate and cautionary language.

(b) Definitions of *Resource Categories*

For the purpose of complying with the requirement of defining the *resource* category, the *reporting issuer* must ensure that disclosure of the definition is consistent with the *resource* categories and terminology set out in the *COGE Handbook*, pursuant to section 5.3 of *NI 51-~~101.~~101* and the *NI 51-101 Glossary*. Section 5 of volume 1 and section 2 of volume 2 of the *COGE Handbook* and the *NI 51-101 Glossary* identify and define the various ~~*resource*~~classes, *sub-classes* and *categories*. ~~A *reporting issuer* may wish to report *reserves* or of *resources* other than *reserves* as "in place volumes"~~.

By definition, *reserves* of any type, *contingent resources* and *prospective resources* are estimates of volumes that are recoverable or potentially recoverable~~, and, as such, cannot be described as being "in place"~~. Terms such as "potential *reserves*", "undiscovered *reserves*", "*reserves* in -place", "in-place *reserves*" or similar terms must not be used because they are incorrect and misleading. The disclosure of *reserves* or of *resources* other than *reserves* must be consistent with the terminology and categories, set out in the *COGE Handbook*, pursuant to section 5.3 of *NI 51-101*.

In addition to disclosing the most specific applicable category of ~~*resource*~~*resources*, the *reporting issuer* may disclose *total petroleum initially-in-place, discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place* estimates provided that the additional disclosure required by subsection 5.16(3) of *NI 51-101* is included.

(c) Application of Subsection 5.9(2) of *NI 51-101*

~~If the *reporting issuer* discloses an estimate of a *resource* quantity or associated value, the *reporting issuer* must additionally disclose the following:~~

~~(i) a definition of the *resource* category used for the estimate;~~

~~(ii) the *effective date* of the estimate;~~

~~(iii) significant positive and negative factors relevant to the estimate;~~

~~(iv) the contingencies which prevent the classification of a contingent *resource* as a *reserve*; and~~

~~(v) cautionary language as prescribed by subparagraph 5.9(2)(d)(v) of *NI 51-101*.~~

~~The *resource* estimate may be disclosed as a single quantity such as a median or mean, representing the best estimate. Frequently, however, the estimate consists of three values that reflect a range of reasonable likelihoods (the low value reflecting a conservative estimate, the middle value being the best estimate, and the high value being an optimistic estimate).~~

~~Guidance concerning defining the *resource* category is provided above in section 5.3 and paragraph 5.5(3)(b) of this Companion Policy.~~

Reporting issuers are required to disclose significant positive and negative factors relevant to the estimate pursuant to subparagraph 5.9(2)(d)(iii)~~.~~ of *NI 51-101.* For example, if there is no infrastructure in the region to transport the ~~resource~~*resources*, this may constitute a significant negative factor relevant to the estimate. Other examples would include *abandonment and reclamation costs,* a significant lease expiry, theft and sabotage as discussed in section 2.7(7) of this Companion Policy, or any legal, capital, political, technological, business or other factor that is highly relevant to the estimate. To the extent that the *reporting issuer* discloses an estimate for numerous properties that are aggregated, it may disclose significant positive and negative factors relevant to the aggregate estimate, unless discussion of a particular *material ~~resource~~* ~~or~~ *property* or *resources* is warranted in order to provide adequate disclosure to investors.

The cautionary language in subparagraph 5.9(2)(d)(v) of *NI 51-101* includes a prescribed disclosure that there is no certainty that it will be *commercially* viable to produce any portion of the *resources*. The concept of *commercial* viability would incorporate the ~~meaning of the word "commercial" provided in the NI 51-101 Glossary.~~ criteria for determining *commerciality* provided in section 5.3 of volume 1 of the *COGE Handbook*.

~~The general disclosure requirements of paragraph 5.9(2)(d) of *NI 51-101* may be illustrated by an example. If a *reporting issuer* discloses, for example, an estimate of a volume of its *bitumen* which is a *contingent resource* to the issuer, the disclosure would include information of the following nature:~~

> ~~The *reporting issuer* holds a [●] interest in [provide description and location of interest]. As of [●] date, it estimates that, in respect of this interest, it has [●] bbls of *bitumen*, which would be classified as a *contingent resource*. A *contingent resource* is defined as [cite current definition in the *COGE Handbook*]. There is no certainty that it will be commercially viable to produce any portion of the *resource*. The contingencies which currently prevent the classification of the *resource* as a *reserve* are [state specific capital costs required to render *production* economic, applicable regulatory considerations, pricing, specific supply costs, technological considerations, and/or other relevant factors]. A significant factor relevant to the estimate is [e.g.] an existing legal dispute concerning title to the interest.~~

~~To the extent that this information is provided in a previously filed document, and it relates to the same interest in *resources*, the issuer can omit disclosure of significant positive and negative factors relevant to the estimate and the contingencies which prevent the classification of the *resource* as a *reserve*. However, the issuer must make reference in the current disclosure to the title and date of the previously filed document.~~

~~5.6~~5.8 *Analogous Information*

A *reporting issuer* may wish to base an estimate on, or include comparative *analogous information* for their area of interest, such as *reserves*, *resources*, and *production*, from fields or wells, in nearby or geologically similar areas. Particular care must be taken in using and presenting this type of information. For the purposes of *NI 51-101*, *CSA* staff interpret a field to be limited to a single pool or a grouping of several pools within the geographic area or administrative unit from which *product types* can reasonably be recovered. Using only the best wells or fields in an area, or ignoring dry holes, for instance, may be particularly misleading. It is important to present a factual and balanced view of the information being provided.

The *reporting issuer* must comply with the disclosure requirements of section 5.10 of *NI 51-101*, when it discloses *analogous information*, as that term is broadly defined in *NI 51-101*, for an area which includes ~~an area of~~ the *reporting issuer's* area of interest. Pursuant to subsection 5.10(2) of *NI 51-101*, if the *reporting issuer* discloses an estimate of its own *reserves* or *resources* other than *reserves* based on an extrapolation from the *analogous information*, or if the *analogous information* itself is an estimate of its own *reserves* or *resources*, the *reporting issuer* must ensure the estimate is prepared in accordance with the *COGE Handbook* and disclosed in accordance with *NI 51-101* generally. For example, in respect of a *reserves* or *resources* other than *reserves* estimate, the estimate must be classified and prepared in accordance with the *COGE Handbook* by a *qualified reserves evaluator or auditor* and must otherwise comply with the requirements of section 5.2 of *NI 51-101*.

~~5.7~~5.8.1 Consistent Use of Units of Measurement

Reporting issuers should be consistent in their use of units of measurement within and between disclosure documents, to facilitate understanding and comparison of the disclosure. For example, *reporting issuers* should not, without compelling reason, switch between imperial units of measure (such as barrels) and Système International (SI) units of measurement (such as tonnes) within or between disclosure documents. ~~Issuers~~ *Reporting issuers* should refer to ~~Appendices~~appendices B and C of volume 1 of the *COGE Handbook* for the proper reporting of units of measurement.

In all cases, in accordance with subparagraph 5.2(1)(a)(iii) and section 5.3 of *NI 51-101*, *reporting issuers* should apply the relevant terminology and unit prefixes set out in the *COGE Handbook*.

5.8.2 Oil and Gas Metrics

~~5.8~~ *BOEs* and *McfGEs*

Section 5.14 of *NI 51-101* sets out requirements that apply ~~if~~to all *oil and gas metrics*, including the disclosure of *reserves* or *resources other than reserves* by a *reporting issuer* ~~chooses to make disclosure~~ using units of equivalency such as *BOEs* or *McfGEs*. ~~The requirements include prescribed methods of calculation and cautionary disclosure as to the possible limitations of those calculations. Section 13~~A commonly used conversion ratio in the *oil* and *gas* industry is

6 *Mcf* of *gas* to 1 *bbl* of *oil*. If a *reporting issuer* uses a 6 *Mcf* to 1 *bbl* ratio, in order to satisfy paragraph 5.14(1)(d) of *NI 51-101*, the *reporting issuer* should provide a cautionary statement to the following effect:

> *BOEs* [or *McfGEs* or other applicable units of equivalency] may be misleading particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 *bbl* [or "A McfGE conversion ratio of 1 *bbl*: 6 Mcf"] is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

When the value ratio is significantly different from the energy equivalency of 6:1; the disclosure may be misleading without additional information.

Results using conversion ratios other than 6:1 may be disclosed, provided an explanation is given. Section 13 of volume 1 of the *COGE Handbook*, under the heading "Barrels of Oil Equivalent", provides additional guidance.

Net Asset Value, *Reserve* Replacement and Netbacks

If a *reporting issuer* discloses net asset value, *reserves* replacement or netbacks, additional disclosure will be required by paragraphs 5.14(1)(b) and 5.14(2)(a) of *NI 51-101*. For example, if a *reporting issuer* discloses

(a) net asset value or net asset value per share, it would be required to include a description of the methods used to value assets and liabilities and the number of shares used in the calculation,

(b) *reserves* replacement, it would be required to include an explanation of the method of calculation applied, or

(c) netback, it would be required to reflect netbacks calculated by subtracting royalties and operating costs from revenues and state the method of calculation.

5.9 Finding and *Development ~~costs~~Costs*

Section ~~5.15~~5.14 of *NI 51-101* sets out requirements that would apply if a *reporting issuer* ~~chooses to make disclosure of~~discloses finding and *development costs*.

~~Because the prescribed methods of calculation under section 5.15 involve the use of *BOEs*, section 5.14 of *NI 51-101* necessarily applies to disclosure of finding and *development costs* under section 5.15. As such, the finding and development cost calculations must apply a conversion ratio as specified in section 5.14 and the cautionary disclosure prescribed in section 5.14 will also be required.~~

~~*BOEs* are based on imperial units of measurement. If the *reporting issuer* uses other units of measurements (such as SI or "metric" measures), any corresponding departure from the requirements of section 5.15 should reflect the use of units other than *BOEs*.~~If a *reporting issuer* discloses finding and *development costs*, it must, pursuant to paragraphs 5.14(1)(b) and 5.14(2)(a) of *NI 51-101* include the method of calculation, the results of the calculation and if the disclosure also includes a result derived using any other method of calculation, a description of that method and the reason for its use.

5.9.1 Summation of *Resource Categories*

An estimate of quantity or an estimate of value constitutes a summation, disclosure of which is prohibited by subsection 5.16(1) of *NI 51-101*, if that estimate reflects a combination of estimates, known or available to the *reporting issuer*, for two or more of the subcategories enumerated in that provision. There may be circumstances in which a disclosed estimate was arrived at in accordance with the *COGE Handbook* without combining, and without the *reporting issuer* knowing or having access to, estimates in two or more of those enumerated categories. Disclosure of such an estimate would not generally be considered to constitute a summation for purposes of that provision.

5.10 Prospectus Disclosure

In addition to the general disclosure requirements in *NI 51-101* which apply to prospectuses, the following commentary provides additional guidance on topics of frequent enquiry.

(1) **Significant Acquisitions –** To the extent that ~~an~~a *reporting issuer* engaged in *oil and gas activities* discloses a significant acquisition in its prospectus, it must disclose sufficient information for a reader to determine how the acquisition affected the *reserves data* and other information previously disclosed in the *reporting issuer's Form 51-101F1*. This requirement stems from Part 6 of *NI 51-101* with respect to *material* changes. This is in addition to specific prospectus requirements for financial information satisfying significant acquisitions.

(2) **Disclosure of *Resources* –** The disclosure of *resources*, excluding *proved* and *probable reserves*, is generally not mandatory under *NI 51-101*, except for certain disclosure concerning the *reporting issuer's* unproved *properties* and *resource* activities as described in Part 6 of *Form 51-101F1*, which information would be incorporated into the prospectus. Additional disclosure beyond this is voluntary and must comply with ~~sections 5.9, 5.10 and 5.16~~Part 5 of *NI 51-101*, as applicable. However, the general securities disclosure obligation of "full, true and plain" disclosure of all *material* facts in a prospectus would require the disclosure of *resources* that are *material* to the *reporting issuer*, even if the disclosure is not mandated by *NI 51-101*. ~~Any such disclosure should be based on supportable analysis.~~

(3) ***Proved* or *Probable Undeveloped ~~reserves~~Reserves* –** Further to the guidance provided in subsection 5.2(~~4~~6) of this Companion Policy, *proved* or *probable undeveloped reserves* must be reported in the year in which they are recognized. If the *reporting issuer* does not disclose the *proved* or *probable undeveloped reserves* just because it has not yet spent the capital to develop these *reserves*, it may be omitting *material* information, thereby causing the *reserves* disclosure to be misleading. If the *reporting issuer* has filed or intends to file a prospectus, the prospectus might not contain "full, true and plain disclosure" of all *material* facts if it does not contain information about these *proved undeveloped reserves*.

(4) ***Reserves* Reconciliation in an Initial Public Offering –** In an initial public offering, if the *reporting issuer* does not have a *reserves* report as at its prior year-end, or if this report does not provide the information required to carry out a *reserves* reconciliation pursuant to item 4.1 of *Form 51-101F1*, the *CSA* may consider granting relief from the requirement to provide the *reserves* reconciliation. A condition of the relief may include a description in the prospectus of relevant changes in any of the *reserve* change categories of the *reserves* reconciliation.

(5) **Relief to Provide More Recent *Form 51-101F1* Information in a Prospectus** -If ~~an~~a *reporting issuer* is filing a preliminary prospectus and wishes to disclose *reserves data* and other *oil* and *gas* information as at a more recent date than its applicable year-end date, the *CSA* may consider relieving the *reporting issuer* of the requirement to disclose the *reserves data* and other information as at year-end.

~~An~~A *reporting issuer* may determine that its obligation to provide "full, true and plain disclosure" obliges it to include in its prospectus *reserves data* and other *oil* and *gas* information as at a date more recent than specified in the prospectus requirements. The prospectus requirements state that the information must be as at the *reporting issuer's* most recent financial year-end in respect of which the prospectus includes financial statements. ~~The prospectus requirements, while certainly not presenting an obstacle to such more current disclosure, would nonetheless require that the corresponding information also be provided as at that financial year-end.~~

~~We would~~*CSA* staff may consider granting relief on a case-by-case basis to permit ~~an~~a *reporting issuer* in these circumstances to include in its prospectus the *oil* and *gas* information prepared with an *effective date* more recent than the financial year-end date, without also including the corresponding information effective as at the year-end date. A consideration for granting this relief may include disclosure of *Form 51-101F1* information with an *effective date* that coincides with the date of interim financial statements. The *reporting issuer* should request such relief in the covering letter accompanying its preliminary prospectus. The grant of the relief would be evidenced by the prospectus receipt.

PART 6 MATERIAL CHANGE DISCLOSURE

6.1 Changes from Filed Information

Part 6 of *NI 51-101* requires the inclusion of specified information in disclosure of certain *material* changes.

The information to be filed each year under Part 2 of *NI 51-101* is prepared as at, or for a period ended on, the *reporting issuer's* most recent financial year-end. That date is the *effective date* referred to in subsection 6.1(1) of *NI 51-101*. When a *material* change occurs after that date, the filed information may no longer, as a result of the *material* change, convey meaningful information, or the original information may have become misleading in the absence of updated information.

Part 6 of *NI 51-101* requires that the disclosure of the *material* change include a discussion of the *reporting issuer's* reasonable expectation of how the *material* change has affected the *reporting issuer's reserves data* and other information contained in its filed disclosure. This would not ~~necessarily~~ require that an *evaluation* be carried out. However, the *reporting issuer* should ensure it complies with the general disclosure requirements set out in Part 5, as applicable. For example, if the *material* change report discloses an updated *reserves* estimate, this should be prepared in accordance with the *COGE Handbook* and by a *qualified reserves evaluator or auditor*. The continuity of ongoing

disclosure, including the disclosure of material changes as they happen, is an important factor in keeping investors informed of a *reporting issuer's* business.

This *material* change disclosure can reduce the likelihood of investors being misled, and maintain the usefulness of the original filed *oil* and *gas* information when the two are read together.

APPENDIX 1
to
COMPANION POLICY 51-101~~CP~~
STANDARDS OF DISCLOSURE
FOR OIL AND GAS ACTIVITIES

SAMPLE *RESERVES DATA* DISCLOSURE

Format of Disclosure

NI 51-101 and *Form 51-101F1* do not mandate the format of the disclosure of *reserves data* and related information by *reporting issuers*. However, the *CSA* encourages *reporting issuers* to use the format presented in this Appendix.

Whatever format and level of detail a *reporting issuer* chooses to use in satisfying the requirements of *NI 51-101*, the objective should be to enable reasonable investors to understand and assess the information, and compare it to corresponding information presented by the *reporting issuer* for other reporting periods or to similar information presented by other *reporting issuers*, in order to be in a position to make informed investment decisions concerning securities of the *reporting issuer*.

A logical and legible layout of information, use of descriptive headings, and consistency in terminology and presentation from document to document and from period to period, are all likely to further that objective.

Reporting issuers and their advisers are reminded of the *materiality* standard under section 1.4 of *NI 51-101*, and of the instructions in *Form 51-101F1*.

See also sections 1.4, 2.2 and 2.3 and subsections 2.7(8) and 2.7(9) of Companion Policy 51-~~101CP.~~101.

Sample Tables

The following sample tables provide an example of how certain of the *reserves data* might be presented in a manner consistent with *NI 51-101*.

These sample tables do not reflect all of the information required by *Form 51-101F1*, and they have been simplified to reflect *reserves* in one country only. For the purpose of illustration, the sample tables also incorporate information not mandated by *NI 51-101* but which *reporting issuers* might wish to include in their disclosure; shading indicates this non-mandatory information.

SUMMARY OF OIL AND GAS RESERVES
as of December 31, ~~2006~~2015
~~CONSTANT~~FORECAST PRICES AND COSTS ~~[OPTIONAL SUPPLEMENTARY DISCLOSURE]~~

	RESERVES[1]							
	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL		HEAVY CRUDE OIL		CONVENTIONAL NATURAL GAS		NATURAL GAS LIQUIDS	
RESERVES CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
PROVED								
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

~~(1) Other product types must be added if material.~~
(1) Other *product types* must be added if *material.*
~~*(2) Estimates of reserves* of natural gas may be reported separately for (i) associated and non-associated gas (combined), (ii) solution gas and (iii) coal bed methane.~~

~~OPTIONAL SUPPLEMENTARY~~

SUMMARY OF NET PRESENT ~~VALUES~~VALUE OF FUTURE NET REVENUE
as of December 31, ~~2006~~2015
~~CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTARY DISCLOSURE]~~
FORECAST PRICES AND COSTS

	NET PRESENT VALUE OF FUTURE NET REVENUE										
	BEFORE INCOME TAXES DISCOUNTED AT (%/year)					AFTER INCOME TAXES DISCOUNTED AT (%/year)					UNIT VALUE BEFORE INCOME TAXES DISCOUNTED AT 10%/year
RESERVES CATEGORY	0 (MM$)	5 (MM$)	10 (MM$)	15 (MM$)	20 (MM$)	0 (MM$)	5 (MM$)	10 (MM$)	15 (MM$)	20 (MM$)	($/Mcf) ($/bbl)
PROVED											
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxx

(1) A *reporting issuer* may wish to satisfy its requirement to disclose these unit values by inserting this disclosure for each category of *proved reserves* and *probable reserves*, by *product type*, in the chart for item 2.1(3)(c) of *Form 51-101F1* (see sample chart below entitled Future Net Revenue by Product Type).

(2) The unit values are based on *net reserves* volumes.

~~Reference: Item 2.2 of *Form 51-101F1*~~
Reference: Item 2.1(1) and (2) of *Form 51-101F1*

~~OPTIONAL SUPPLEMENTARY~~

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
as of December 31, ~~2006~~2015
~~CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTARY DISCLOSURE]~~
FORECAST PRICES AND COSTS

RESERVES CATEGORY	REVENUE (M$)	ROYALTIES (M$)	OPERATING COSTS (M$)	DEVELOPMENT COSTS (M$)	ABANDONMENT AND RECLAMATION COSTS (M$)	FUTURE NET REVENUE BEFORE INCOME TAXES (M$)	INCOME TAXES (M$)	FUTURE NET REVENUE AFTER INCOME TAXES (M$)
Proved Reserves	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Proved Plus Probable Reserves	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

~~Reference: Item 2.2 of *Form 51-101F1*~~
Reference: Item 2.1(3)(b) of *Form 51-101F1*

~~OPTIONAL SUPPLEMENTARY~~

FUTURE NET REVENUE
BY PRODUCTION GROUP
as of December 31, 2006
CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTARY DISCLOSURE]

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M$)
Proved Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	xxx
	Heavy Oil (including solution gas and other by-products)	xxx
	Natural Gas (including by-products but excluding solution gas from oil wells)	xxx
	Non-Conventional Oil and Gas Activities	xxx
Proved Plus Probable Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	xxx
	Heavy Oil (including solution gas and other by-products)	xxx
	Natural Gas (including by-products but excluding solution gas from oil wells)	xxx
	Non-Conventional Oil and Gas Activities	xxx

OPTIONAL SUPPLEMENTARY — Reference: Item 2.2 of Form 51-101 F1

SUMMARY OF OIL AND GAS RESERVES
as of December 31, 2006
FORECAST PRICES AND COSTS

	RESERVES[1]							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS[2]		NATURAL GAS LIQUIDS	
RESERVES CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
PROVED								
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

(1) Other product types must be added if material.
(2) Estimates of reserves of natural gas may be reported separately for (i) associated and non-associated gas (combined), (ii) solution gas and (iii) coal bed methane.

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
as of December 31, 2006
FORECAST PRICES AND COSTS

	NET PRESENT VALUES OF FUTURE NET REVENUE										
	BEFORE INCOME TAXES DISCOUNTED AT (%/year)					AFTER INCOME TAXES DISCOUNTED AT (%/year)					UNIT VALUE BEFORE INCOME TAX DISCOUNTED AT 10%/year
RESERVES CATEGORY	0 (MM$)	5 (MM$)	10 (MM$)	15 (MM$)	20 (MM$)	0 (MM$)	5 (MM$)	10 (MM$)	15 (MM$)	20 (MM$)	($/Mcf) ($/bbl)
PROVED											
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
											xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxx

(1) A reporting issuer may wish to satisfy its requirement to disclose these unit values by inserting this disclosure for each category of proved reserves and for probable reserves, by production group, in the chart for item 2.1(3)(c) of *Form 51-101F1* (see sample chart below entitled Future Net Revenue by Production Group).
(2) The unit values are based on net reserve volumes.

Reference: Item 2.1(1) and (2) of *Form 51-101F1*

~~TOTAL FUTURE NET REVENUE~~
~~(UNDISCOUNTED)~~
~~as of December 31, 2006~~
~~FORECAST PRICES AND COSTS~~

~~RESERVES CATEGORY~~	~~REVENUE ($M)~~	~~ROYALTIES ($M)~~	~~OPERATING COSTS ($M)~~	~~DEVELOPMENT COSTS ($M)~~	~~ABANDONMENT AND RECLAMATION COSTS ($M)~~	~~FUTURE NET REVENUE BEFORE INCOME TAXES ($M)~~	~~INCOME TAXES ($M)~~	~~FUTURE NET REVENUE AFTER INCOME TAXES ($M)~~
~~Proved Reserves~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~
~~Proved Plus Probable Reserves~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~	~~xxx~~

~~Reference: Item 2.1(3)(b) of *Form 51-101F1*~~

FUTURE NET REVENUE
BY PRODUCT TYPE as of December 31, 2015
FORECAST PRICES AND COSTS

RESERVES CATEGORY	PRODUCT TYPE	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M$)	UNIT VALUE ($/Mcf) ($/bbl)
Proved Reserves	Bitumen	xxx	xxx
	Coal Bed Methane	xxx	xxx
	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	xxx	xxx
	Gas Hydrates	xxx	xxx
	Heavy Crude Oil (including solution gas and other by-products)	xxx	xxx
	Light Crude Oil and Medium Crude Oil (including solution gas and other by-products)	xxx	xxx
	Natural Gas Liquids	xxx	xxx
	Shale Gas	xxx	xxx
	Synthetic Crude Oil	xxx	xxx
	Synthetic Gas	xxx	xxx
	Tight Oil	xxx	xxx
	Total	xxx	xxx
Proved Plus Probable Reserves	Bitumen	xxx	xxx
	Coal Bed Methane	xxx	xxx
	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	xxx	xxx
	Gas Hydrates	xxx	xxx
	Heavy Crude Oil (including solution gas and other by-products)	xxx	xxx
	Light Crude Oil and Medium Crude Oil (including solution gas and other by-products)	xxx	xxx
	Natural Gas Liquids	xxx	xxx
	Shale Gas	xxx	xxx
	Synthetic Crude Oil	xxx	xxx
	Synthetic Gas	xxx	xxx
	Tight Oil	xxx	xxx
	Total	xxx	xxx

Reference: Item 2.1(3)(c) of Form 51-101F1

SUMMARY OF PRICING ASSUMPTIONS
as of December 31, ~~2006~~2015

CONSTANT PRICES AND COSTS[1]

Year	OIL[2]				NATURAL GAS[2]	NATURAL GAS LIQUIDS	EXCHANGE RATE[3]
	WTI Cushing Oklahoma ($US/bbl)	Edmonton Par/Mixed Sweet Blend Price 40° API ($Cdn/bbl)	Hardisty Heavy 12° API ($Cdn/bbl)	Cromer Medium 29.3° API ($Cdn/bbl)	AECO Gas Price ($Cdn/MMBtu)	FOB Field Gate ($Cdn/bbl)	($US/$Cdn)
Historical (Year End)							
2012	xx	xx	xx	xx	xx	xx	xx
2013	xx	xx	xx	xx	xx	xx	xx
2014	xx	xx	xx	xx	xx	xx	xx
2015 (Year End)	xx	xx	xx	xx	xx	xx	xx

(1) This disclosure is triggered by optional supplementary disclosure of item 2.2 of *Form 51-101F1*.
(2) This summary table identifies benchmark reference pricing schedules that might apply to a *reporting issuer*.
(3) The exchange rate used to generate the benchmark reference prices in this table.

Reference: Item 3.1 of *Form 51-101 F1*

OPTIONAL SUPPLEMENTARY

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
as of December 31, ~~2006~~2015
FORECAST PRICES AND COSTS

Year	OIL[1]				NATURAL GAS[1]	NATURAL GAS LIQUIDS	INFLATION RATES[2]	EXCHANGE RATE[3]
	WTI Cushing Oklahoma $US/bbl	Edmonton Par~~Mixed Sweet Blend~~ Price 40° API $Cdn/bbl	Hardisty Heavy 12° API $Cdn/bbl	Cromer Medium 29.3° API $Cdn/bbl	AECO Gas Price ($Cdn/MMBtu)	FOB Field Gate ($Cdn/bbl)	%/Year	$US/$Cdn
Historical[4]								
~~2003~~2012	xx	xx	xx	xx	xx	xx	xx	xx
~~2004~~2013	xx	xx	xx	xx	xx	xx	xx	xx
~~2005~~2014	xx	xx	xx	xx	xx	xx	xx	xx
~~2006~~2015	xx	xx	xx	xx	xx	xx	xx	xx
Forecast								
~~2007~~2016	xx	xx	xx	xx	xx	xx	xx	xx
~~2008~~2017	xx	xx	xx	xx	xx	xx	xx	xx
~~2009~~2018	xx	xx	xx	xx	xx	xx	xx	xx
~~2010~~2019	xx	xx	xx	xx	xx	xx	xx	xx
~~2011~~2020	xx	xx	xx	xx	xx	xx	xx	xx
Thereafter	xx	xx	xx	xx	xx	xx	xx	xx

(1) This summary table identifies benchmark reference pricing schedules that might apply to a *reporting issuer*.
(2) Inflation rates for forecasting prices and costs.
(3) Exchange rates used to generate the benchmark reference prices in this table
(4) Item 3.2 (1)(b) of *Form 51-101F1* also requires disclosure of the *reporting issuer's* weighted average historical prices for the most recent financial year (~~2006.~~2014, in this example).

OPTIONAL
SUPPLEMENTARY

Reference: Item 3.2 of *Form 51-101 F1*

RECONCILIATION OF
COMPANY GROSS RESERVES
BY PRODUCT TYPE[1]
FORECAST PRICES AND COSTS

FACTORS	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL			HEAVY CRUDE OIL			~~ASSOCIATED AND NON-ASSOCIATED~~ CONVENTIONAL NATURAL GAS		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)
December 31, ~~2005~~2014	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Extensions & Improved Recovery	xx	xx	xx	xx	xx	xx	xx	xx	xx
Technical Revisions	xx	xx	xx	xx	xx	xx	xx	xx	xx
Discoveries	xx	xx	xx	xx	xx	xx	xx	xx	xx
Acquisitions	xx	xx	xx	xx	xx	xx	xx	xx	xx
Dispositions	xx	xx	xx	xx	xx	xx	xx	xx	xx
Economic Factors	xx	xx	xx	xx	xx	xx	xx	xx	xx
Production	xx	xx	xx	xx	xx	xx	xx	xx	xx
December 31, ~~2006~~2015	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

(1) The *reserves* reconciliation must include other *product types*, including *bitumen, natural gas liquids, synthetic crude oil, ~~bitumen,~~ coal bed methane, gas hydrates, shale ~~oil~~gas* and *~~shale~~synthetic gas*, if *material* for the *reporting issuer*.

Reference: Item 4.1 of *Form 51-101F1*

SUMMARY OF RISKED OIL AND GAS CONTINGENT RESOURCES[1]
as of December 31, 2015
FORECAST PRICES AND COSTS

RESOURCES PROJECT MATURITY SUB-CLASS	CONTINGENT RESOURCES [2]							
	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL		HEAVY CRUDE OIL		CONVENTIONAL NATURAL GAS		NATURAL GAS LIQUIDS	
	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
CONTINGENT (2C) Development Pending	xx	xx	xx	xx	xx	xx	xx	xx

(1) This disclosure is triggered by optional disclosure of *contingent resources* in the statement prepared in accordance with item 1 of section 2.1 of *NI 51-101*. Disclosure of risked estimates of volume are required under item 7.1(1)(a) of *Form 51-101F1*.
(2) Other *product types* must be added if *material*.
(3) The disclosure in this table must comply with and include the disclosure required by section 5.9 of *NI 51-101*, including section 5.9(2)(d).
(4) A *reporting issuer* should consider whether the disclosure of *development unclarified* or *development not viable sub-classes contingent resources* in the statement of *reserves data* and other *oil* and *gas* information would be misleading given the uncertainty and risk associated with those estimates. Section 2 of volume 2 of the *COGE Handbook* details *commerciality* factors.

OPTIONAL
SUPPLEMENTARY

Reference: Item 7.1(a) of *Form 51-101F1*

SUMMARY OF RISKED NET PRESENT VALUE OF FUTURE NET REVENUE[(1)]
(CONTINGENT RESOURCES)
as of December 31, 2015
FORECAST PRICES AND COSTS

An estimate of risked net present value of *future net revenue* of *contingent resources* is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the company proceeding with the required investment. It includes *contingent resources* that are considered too uncertain with respect to the *chance of development* to be classified as *reserves*. There is no certainty that the estimate of risked net present value of *future net revenue* will be realized.

RESOURCES PROJECT MATURITY SUB-CLASS	RISKED NET PRESENT VALUE OF FUTURE NET REVENUE									
	BEFORE INCOME TAXES DISCOUNTED AT (%/year)					AFTER INCOME TAXES DISCOUNTED AT (%/year)				
	0 (MM$)	5 (MM$)	10 (MM$)	15 (MM$)	20 (MM$)	0 (MM$)	5 (MM$)	10 (MM$)	15 (MM$)	20 (MM$)
CONTINGENT (2C) Development Pending	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

(1) This disclosure is triggered by optional disclosure of *contingent resources* in the statement prepared in accordance with item 1 of section 2.1 of *NI 51-101*

(2) The disclosure in this table must comply with and include the disclosure required by section 5.9 of *NI 51-101*.

OPTIONAL SUPPLEMENTARY

Reference: Item 7.1(b) of *Form 51-101F1*

SUMMARY OF RISKED OIL AND GAS PROSPECTIVE RESOURCES[1]
as of December 31, 2015
VOLUMES

RESOURCES	PROSPECTIVE RESOURCES [2]							
	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL		HEAVY CRUDE OIL		CONVENTIONAL NATURAL GAS		NATURAL GAS LIQUIDS	
	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
PROSPECTIVE (Best Estimate)	xx	xx	xx	xx	xx	xx	xx	xx

(1) This disclosure is triggered by optional disclosure of *prospective resources* in the statement prepared in accordance with item 1 of section 2.1 of *NI 51-101*. Disclosure of risked estimates of volume are required under Item 7.2(1) of *Form 51-101F1*
(2) Other *product types* must be added if *material*.
(3) The disclosure in this table must comply with and include the disclosure required by section 5.9 of *NI 51-101*
(4) A *reporting issuer* should consider whether the disclosure of *prospective resources* in the statement of *reserves data* and other *oil* and *gas* information would be misleading given the uncertainty and risk associated with those estimates.

OPTIONAL
SUPPLEMENTARY

Reference: Item 7.2(a) of *Form 51-101F1*

ANNEX F

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

The Ontario Securities Commission (the **OSC**) has:

- made the amendments to NI 51-101 (the **Amendments**) pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**) and
- adopted the changes to 51-101CP (the **Changes**) pursuant to section 143.8 of the Act.

The Amendments and related materials were delivered to the Minister of Finance on December 3, 2014. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action by February 2, 2015, the Amendments and the Changes will come into force on July 1, 2015.

The following provisions of the Act provide the OSC with authority to adopt the Amendments:

- Paragraph 143(1)22 of the Act authorizes the OSC to make rules prescribing requirements in respect of the preparation and dissemination and other use, by reporting issuers, of documents providing for continuous disclosure that are in addition to the requirements under this Act.
- Paragraph 143(1)24 of the Act authorizes the OSC to make rules requiring issuers or other persons to comply, in whole or in part, with Part XVIII (Continuous Disclosure) or rules made under paragraph 22.
- Paragraph 143(1)39 of the Act authorizes the OSC to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents.
- Paragraph 143(1)39.1 of the Act authorizes the OSC to make rules governing the approval of any document described in paragraph 39.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORT OF TRADES ON FORM 45-106F1 AND 45-501F1

There are no Reports of Exempt Distribution on Forms 45-106F1 or 45-501F1 (Reports) in this Bulletin.

Reports filed on or after February 19, 2014 must be filed electronically.

As a result of the transition to mandated electronic filings, the OSC is considering the most effective manner to make data about filed Reports available to the public, including whether and how this information should be reflected in the Bulletin. In the meantime, Reports filed with the Commission continue to be available for public inspection during normal business hours.

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Allied Nevada Gold Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus - MJDS dated November 25, 2014
NP 11-202 Receipt dated November 25, 2014
Offering Price and Description:
Up to USD$250,000,000.00 - Common Stock, Preferred Stock, Warrants, Debt Securities
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2283596

Issuer Name:
Barometer Disciplined Leadership Balanced Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 26, 2014
NP 11-202 Receipt dated November 27, 2014
Offering Price and Description:
Class A, F and I Units
Underwriter(s) or Distributor(s):
Promoter(s):
BAROMETER CAPITAL MANAGEMENT INC.
Project #2284699

Issuer Name:
Blue Ribbon Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 27, 2014
NP 11-202 Receipt dated November 28, 2014
Offering Price and Description:
Maximum: $ * - * Units
Price: $ * per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Desjardins Securities Inc.
GMP Securities L.P.
Raymond James Ltd.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Haywood Securities Inc.
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
Project #2286954

Issuer Name:
CohBar, Inc.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated November 28, 2014
NP 11-202 Receipt dated December 1, 2014
Offering Price and Description:
US$10,000,000.00 - 10,000,000 Units
Price: US $1.00 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Project #2276467

Issuer Name:
Fairfax India Holdings Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 26, 2014
NP 11-202 Receipt dated November 26, 2014
Offering Price and Description:
Maximum: US$ * - * Subordinate Voting Shares
Price: US$10.00 per Subordinate Voting Share
Minimum Purchase: 100 Subordinate Voting Shares
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Promoter(s):
Fairfax Financial Holdings Limited
Project #2284695

Issuer Name:
Financial 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 1, 2014
NP 11-202 Receipt dated December 1, 2014
Offering Price and Description:
Maximum: $ * - * Preferred Shares and * Class A Shares
Prices: $ * per Preferred Share $* per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Promoter(s):
Project #2288583

Issuer Name:
Inovent Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 24, 2014
NP 11-202 Receipt dated November 26, 2014
Offering Price and Description:
$50,000,000.00 - * Offered Shares
Price: $ * per Offered Share
Underwriter(s) or Distributor(s):
ALTACORP CAPITAL INC.
EURO PACIFIC CANADA INC.
Promoter(s):
Jim Scott
Dixon Lawson
Project #2284480

Issuer Name:
iShares Short Term Strategic Fixed Income ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 26, 2014
NP 11-202 Receipt dated November 27, 2014
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2284911

Issuer Name:
Kinaxis Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 28, 2014
NP 11-202 Receipt dated November 28, 2014
Offering Price and Description:
2,500,000.00 Common Shares
Price: Cdn $18.35 per Offered Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Cormark Securities Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #2283729

Issuer Name:
Sun Life Dynamic American Value Fund
Sun Life Sentry Conservative Balanced Fund
Sun Life Sentry Global Mid Cap Fund
Sun Life Sentry Infrastructure Fund
Sun Life Templeton Global Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 25, 2014
NP 11-202 Receipt dated November 26, 2014
Offering Price and Description:
Series A, E, F, I, O, T5 and T8 Units
Underwriter(s) or Distributor(s):
Promoter(s):
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.
Project #2283946

Issuer Name:
Tekmira Pharmaceuticals Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated November 26, 2014
NP 11-202 Receipt dated November 27, 2014
Offering Price and Description:
US$150,000,000.00 - Common Shares
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2284957

Issuer Name:
Allied Nevada Gold Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus - MJDS dated November 28, 2014
NP 11-202 Receipt dated December 1, 2014
Offering Price and Description:
Up to USD$250,000,000.00 - Common Stock, Preferred Stock, Warrants, Debt Securities
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2283596

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated November 28, 2014
NP 11-202 Receipt dated November 28, 2014
Offering Price and Description:
$1,000,000,000.00 - Debt Securities, Units
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2281070

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 28, 2014
NP 11-202 Receipt dated November 28, 2014
Offering Price and Description:
$100,110,000.00 - 4,700,000 Units
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
Promoter(s):
Project #2280492

Issuer Name:
DH Corporation (formerly Davis + Henderson Corporation)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 25, 2014
NP 11-202 Receipt dated November 25, 2014
Offering Price and Description:
$175,087,500.00 - 4,830,000 Common Shares
PRICE: $36.25 PER COMMON SHARE
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
DESJARDINS SECURITIES INC.
RAYMOND JAMES LTD.
GMP SECURITIES L.P.
INDUSTRIAL ALLIANCE SECURITIES INC.
Promoter(s):
Project #2278535

Issuer Name:
DMP Canadian Dividend Class
DMP Canadian Value Class
DMP Global Value Class
DMP Power Canadian Growth Class
DMP Power Global Growth Class
DMP Resource Class
DMP Value Balanced Class
Dynamic Advantage Bond Class
Dynamic Advantage Bond Fund
Dynamic Alternative Yield Class
Dynamic Alternative Yield Fund
Dynamic American Value Class
Dynamic American Value Fund
Dynamic Aurion Canadian Equity Class
Dynamic Aurion Tactical Balanced Class
Dynamic Aurion Total Return Bond Class
Dynamic Aurion Total Return Bond Fund
Dynamic Blue Chip Balanced Fund (formerly Dynamic Focus+ Balanced Fund)
Dynamic Blue Chip Equity Fund (formerly Dynamic Focus+ Equity Fund)
Dynamic Blue Chip U.S. Balanced Class (formerly Dynamic Blue Chip Balanced Class)
Dynamic Canadian Bond Fund (formerly Dynamic Income Fund)
Dynamic Canadian Dividend Fund
Dynamic Canadian Value Class
Dynamic Corporate Bond Strategies Class
Dynamic Corporate Bond Strategies Fund
Dynamic Credit Spectrum Fund (formerly Dynamic High Yield Credit Fund)
Dynamic Diversified Real Asset Fund
Dynamic Dividend Advantage Class
Dynamic Dividend Advantage Fund (formerly Dynamic Dividend Value Fund)
Dynamic Dividend Fund
Dynamic Dividend Income Class

Dynamic Dividend Income Fund
Dynamic Dollar-Cost Averaging Fund
Dynamic EAFE Value Class
Dynamic Emerging Markets Class
Dynamic Energy Income Fund (formerly Dynamic Focus+ Energy Income Trust Fund)
Dynamic Equity Income Fund (formerly Dynamic Focus+ Diversified Income Fund)
Dynamic European Value Fund
Dynamic Far East Value Fund
Dynamic Financial Services Fund (formerly Dynamic Focus+ Wealth Management Fund)
Dynamic Global Asset Allocation Class
Dynamic Global Asset Allocation Fund (formerly Dynamic Global Value Balanced Fund)
Dynamic Global Balanced Fund
Dynamic Global Discovery Class
Dynamic Global Discovery Fund
Dynamic Global Dividend Class (formerly Dynamic Global Dividend Value Class)
Dynamic Global Dividend Fund (formerly Dynamic Global Dividend Value Fund)
Dynamic Global Equity Fund
Dynamic Global Infrastructure Fund
Dynamic Global Real Estate Fund (formerly Dynamic Focus+ Real Estate Fund)
Dynamic Global Value Class
Dynamic Global Value Fund (formerly Dynamic International Value Fund)
Dynamic High Yield Bond Fund
Dynamic Income Growth Opportunities Class (formerly Dynamic Canadian Dividend Class)
Dynamic Investment Grade Floating Rate Fund
Dynamic Money Market Class
Dynamic Money Market Fund
Dynamic Power American Currency Neutral Fund
Dynamic Power American Growth Class
Dynamic Power American Growth Fund
Dynamic Power Balanced Class
Dynamic Power Balanced Fund
Dynamic Power Canadian Growth Class
Dynamic Power Canadian Growth Fund
Dynamic Power Global Balanced Class
Dynamic Power Global Growth Class
Dynamic Power Global Growth Fund
Dynamic Power Global Navigator Class
Dynamic Power Managed Growth Class
Dynamic Power Small Cap Fund
Dynamic Precious Metals Fund
Dynamic Preferred Yield Class
Dynamic Premium Yield Fund
Dynamic Real Return Bond Fund
Dynamic Resource Fund (formerly Dynamic Focus+ Resource Fund)
Dynamic Short Term Bond Fund
Dynamic Small Business Fund (formerly Dynamic Focus+ Small Business Fund)
Dynamic Strategic Bond Fund (formerly Dynamic Strategic Global Bond Fund)
Dynamic Strategic Energy Class (formerly Dynamic Global Energy Class)
Dynamic Strategic Gold Class
Dynamic Strategic Growth Portfolio (formerly Dynamic Fund of Funds)
Dynamic Strategic Income Portfolio (formerly Dynamic Strategic All Income Portfolio)
Dynamic Strategic Resource Class
Dynamic Strategic Yield Class
Dynamic Strategic Yield Fund
Dynamic U.S. Dividend Advantage Fund (formerly Dynamic U.S. Dividend Advantage Class)
Dynamic U.S. Value Balanced Fund
Dynamic Value Balanced Class
Dynamic Value Balanced Fund
Dynamic Value Fund of Canada
DynamicEdge 2020 Class Portfolio
DynamicEdge 2020 Portfolio
DynamicEdge 2025 Class Portfolio
DynamicEdge 2025 Portfolio
DynamicEdge 2030 Class Portfolio
DynamicEdge 2030 Portfolio
DynamicEdge Balanced Class Portfolio
DynamicEdge Balanced Growth Class Portfolio
DynamicEdge Balanced Growth Portfolio
DynamicEdge Balanced Portfolio
DynamicEdge Conservative Class Portfolio
DynamicEdge Defensive Portfolio
DynamicEdge Equity Class Portfolio
DynamicEdge Equity Portfolio
DynamicEdge Growth Class Portfolio
DynamicEdge Growth Portfolio
Principal Regulator - Ontario

Type and Date:
Simplified Prospectus dated November 18, 2014
NP 11-202 Receipt dated November 25, 2014

Offering Price and Description:
Series A, E, F, FI, FH, FT, G, I, IP, O, OP, ITand T Units/Shares @ Net Asset Value

Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
1832 Asset Management L.P.
GCIC Ltd.
1832 Asset Management L. P.
1832 AssetManagement L.P.

Promoter(s):
1832 Asset Management L.P.

Project #2267257

Issuer Name:
Elkwater Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 25, 2014
NP 11-202 Receipt dated November 25, 2014
Offering Price and Description:
$90,000,000.00 - 240,000,000 Common Shares and 120,000,000 Warrants issuable upon the exercise of 240,000,000 issued and outstanding Subscription Receipts
$0.375 per Subscription Receipt
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
Dundee Securities Ltd.
Clarus Securities Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Cormark Securities Inc.
GMP Securities L.P.
Scotia Capital Inc.
Promoter(s):
Project #2278956

Issuer Name:
GoGold Resources Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated November 24, 2014
NP 11-202 Receipt dated November 25, 2014
Offering Price and Description:
$20,000,250.00 - 13,333,500 Common Shares
Price: C$1.50 per Offered Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
BMO NESBITT BURNS INC.
PI FINANCIAL CORP.
Promoter(s):
Project #2280755

Issuer Name:
Melcor Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus (NI 44-101) dated November 25, 2014
NP 11-202 Receipt dated November 25, 2014
Offering Price and Description:
$30,000,000.00 - 5.50% Extendible Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Laurentian Bank Securities Inc.
Raymond James Ltd.
Promoter(s):
Project #2277847

Issuer Name:
Painted Pony Petroleum Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 25, 2014
NP 11-202 Receipt dated November 25, 2014
Offering Price and Description:
$55,044,000 - 4,587,000 Common Shares
Price: $12.00 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
FirstEnergy Capital Corp.
Canaccord Genuity Corp.
RBC Dominion Securities Inc.
TD Securities Inc.
AltaCorp Capital Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Promoter(s):
Project #2280166

Issuer Name:
Seabridge Gold Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated November 26, 2014
NP 11-202 Receipt dated November 28, 2014
Offering Price and Description:
CDN$100,000,000.00 - COMMON SHARES
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2236389

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	Bloom Burton & Co. Inc.	Exempt Market Dealer	November 27, 2014
New Business	Bloom Burton & Co. Limited	Investment Dealer	November 27, 2014
Voluntary Surrender of Registration	GrowthWorks Enterprises Ltd.	Investment Fund Manager, Exempt Market Dealer, Mutual Fund Dealer and Portfolio Manager	November 28, 2014
Change in Registration Category	Les Conseillers en Valeurs Razorbill Inc. / Razorbill Advisors Inc.	From: Portfolio Manager To: Portfolio Manager and Commodity Trading Manager	November 28, 2014
Change in Registration Category	MacDougall Investment Counsel Inc. / Les Conseillers en Placements MacDougall Inc.	From: Portfolio Manager To: Investment Fund Manager and Portfolio Manager	December 1, 2014

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.3 Clearing Agencies

13.3.1 OSC Staff Notice of Request for Comment – CDCC Canadian Derivatives Clearing Corporation – Amendments to the Rules, Operations Manual, Risk Manual and Default Manual to Address the Clearing Fund Framework

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDCC CANADIAN DERIVATIVES CLEARING CORPORATION

AMENDMENTS TO THE RULES, OPERATIONS MANUAL, RISK MANUAL AND DEFAULT MANUAL TO ADDRESS THE CLEARING FUND FRAMEWORK

The Ontario Securities Commission is publishing for public comment the proposed amendments to the Rules, Operations Manual, Risk Manual and Default Manual of CDCC. The purpose of the proposed amendment is to review the Clearing Fund and to ensure that CDCC has sufficient financial resources during extreme but plausible market conditions.

A copy of the CDCC notice is published on our website at http://www.osc.gov.on.ca.

13.3.2 OSC Staff Notice of Request for Comment – CDCC Canadian Derivatives Clearing Corporation – Amendments to the Rules and the Risk Manual to Address the Collateral Framework

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDCC CANADIAN DERIVATIVES CLEARING CORPORATION

AMENDMENTS TO THE RULES AND THE RISK MANUAL TO ADDRESS THE COLLATERAL FRAMEWORK

The Ontario Securities Commission is publishing for public comment the proposed amendments to the Rules and Risk Manual of CDCC. The purpose of the proposed amendments are to revise the CDCC's list of eligible collateral and modify and introduce new limits pertaining to liquidity requirements, concentration limits and wrong way risk limits, in accordance with the CPSS-IOSCO Principles for Financial Market Infrastructure, which require that to manage its participants' credit exposure, a CCP should accept collateral with low credit, liquidity and market risks, and enforce appropriately conservative haircuts and concentration limits.

A copy of the CDCC notice is published on our website at http://www.osc.gov.on.ca.

13.3.3 OSC Staff Notice of Request for Comment – CDCC Canadian Derivatives Clearing Corporation – Amendments to the Operations Manual and the Risk Manual to Address its Intra-Day Variation Margin Exposure

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDCC CANADIAN DERIVATIVES CLEARING CORPORATION

AMENDMENTS TO THE OPERATIONS MANUAL AND THE RISK MANUAL TO ADDRESS ITS INTRA-DAY VARIATION MARGIN EXPOSURE

The Ontario Securities Commission is publishing for public comment the proposed amendments to the Operations Manual and Risk Manual of CDCC. The purpose of the proposed amendment is to implement a new risk framework to ensure compliance with PFMI requirements (principle 6) in order to manage its intra-day variation margin exposure.

A copy of the CDCC notice is published on our website at http://www.osc.gov.on.ca.

13.3.4 OSC Staff Notice of Request for Comment – CDCC Canadian Derivatives Clearing Corporation – Amendment to the Risk Manual to Address the Stress Testing Framework

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDCC CANADIAN DERIVATIVES CLEARING CORPORATION

AMENDMENT TO THE RISK MANUAL TO ADDRESS THE STRESS TESTING FRAMEWORK

The Ontario Securities Commission is publishing for public comment the proposed amendment to the Risk Manual of CDCC. The purpose of the proposed amendment is to review the Stress Testing Framework and continue to ensure that CDCC has sufficient financial resources during extreme but plausible market conditions. In addition, evaluating the risk profile of the Clearing Members through various stress tests will ensure the robustness of the risk framework.

A copy of the CDCC notice is published on our website at http://www.osc.gov.on.ca.

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