

**AMENDMENTS TO POLICY STATEMENT TO REGULATION 51-101
RESPECTING STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES**

1. The third paragraph of section 1.2 of *Policy Statement to Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities* is amended by replacing the words “including disclosure of reserves and resources” with “including disclosure of reserves and of resources other than reserves”.

2. Section 1.4 of the Policy Statement is amended by deleting the fourth paragraph.

3. Section 2.3 of the Policy Statement is amended by replacing the last paragraph with the following:

“A reporting issuer may supplement the annual disclosure required under Regulation 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 Regulation 51-101.”.

4. The second paragraph of paragraph (2) of section 2.4 of the Policy Statement is replaced with the following:

“However, a reporting issuer that elects to follow this approach continues to be subject to the requirement to file, at the same time and on SEDAR, in the appropriate SEDAR category, the notice in accordance with Form 51-101F4 (see section 2.2 of Regulation 51-101).”.

5. Section 2.7 of the Policy Statement is amended:

(1) by replacing, wherever they appear in the French text of subparagraph (a) of paragraph (3), the words “charges futures d’impôt” with “charges d’impôts futurs”;

(2) by replacing paragraph (4) with the following:

“(4) **Supplemental Disclosure of Future Net Revenue** - In addition to requiring the disclosure of future net revenue using forecast prices and costs, Form 51-101 F1 gives reporting issuers the option of disclosing future net revenue based on prices and costs determined in accordance with the relevant US oil and gas disclosure requirements. In general, these prices and costs are assumed not to change, but rather to remain constant, 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).”.

(3) by repealing paragraph (5);

(4) by deleting the second sentence of paragraph (7).

6. Paragraph (2) of section 2.8 of the Policy Statement is amended:

(1) by replacing the first sentence of the first paragraph with the following:

“The report prescribed by Form 51-101F2 contains statements to the effect that variations between reserves data and actual results may be material but reserves have been determined in accordance with the COGE Handbook, consistently applied.”;

(2) by replacing, in the second paragraph, the words “Any variations arising due to technical factors should be consistent” with “Any variations arising due to technical factors must be consistent”.

7. The second and third paragraphs of paragraph (5) of section 5.2 of the Policy Statement are replaced with the following:

“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 as a part of its annual disclosure. If the issuer expects that the costs of funding would make development of a property unlikely, then even if reserves were assigned, it 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 the 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 developments).”.

8. Section 5.3 of the Policy Statement is replaced with the following:

“5.3. Classification of Reserves and of Resources Other than Reserves

Section 5.3 of Regulation 51-101 requires that any disclosure of reserves or of resources other than reserves must apply the categories and terminology set out in the COGE Handbook. The definitions of the various resource categories derived from the COGE Handbook are provided in the Regulation 51-101 Glossary. In addition, section 5.3 of Regulation 51-101 requires that disclosure of reserves and 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. Reporting issuers must classify discovered resources into one of the subcategories of discovered resources.

In addition, reserves can be estimated using three subcategories, namely 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 be broken down into one of the three subcategories of reserves, namely proved, probable or possible reserves. For further guidance on disclosure of reserves and of resources other than reserves please see sections 5.2 and 5.5 of this Policy Statement.”.

9. Section 5.5 of the Policy Statement is amended:

(1) by adding, in the title, the words “**Other than Reserves**” after “**Resources**”;

(2) by replacing paragraph (1) with the following:

“(1) **Disclosure of Resources Generally** - The disclosure of resources, excluding proved and probable reserves, is not mandatory under Regulation 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 Regulation 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 issuer, even if the disclosure is not mandated by Regulation 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 literature⁴ on the subject.”;

(3) by replacing the last sentence of the second paragraph of paragraph (2) with the following:

“A reporting issuer must not disclose an estimate reflecting a summation of different categories of resources (see section 5.16 of Regulation 51-101).”;

(4) by replacing subparagraph (b) of paragraph (3) with the following:

“(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 Regulation 51-101. Section 5 of volume 1 of the COGE Handbook and the Regulation 51-101 Glossary identify and define the various resource categories.

A reporting issuer may wish to report reserves or resources other than reserves of oil or gas 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 Regulation 51-101.

The reporting issuer can report other categories of resources, such as discovered petroleum initially-in-place, undiscovered petroleum initially-in-place and total petroleum initially-in-place. However, the additional disclosure required by section 5.16 of Regulation 51-101 must also be included.”.