

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

**1.** Section 1.1 of *Policy Statement to Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities* is amended:

(1) by inserting, in paragraph (3) and after the words “person would consider”, the word “that”;

(2) by inserting, wherever they occur in paragraph (4) and after the word “resources”, the words “other than reserves”;

(3) by replacing, wherever they occur in subparagraphs (a) and (b) of paragraph (5), “August 1, 2007” with “October 12, 2010”.

**2.** Section 1.2 of the Policy Statement is amended:

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

“Reserves and resources definitions and categories are incorporated in the COGE Handbook and are also set out, in part, in the Regulation 51-101 Glossary.”;

(2) by replacing, in the last paragraph, the words “reserves and resources must be consistent with the COGE Handbook” with the words “reserves and of resources other than reserves must be prepared in accordance with the COGE Handbook” and, in the French text, the words “produits d’exploitation” with the words “produits des activités ordinaires”.

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

**4.** 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.”.

**5.** The second and third sentences of paragraph (2) of section 2.4 of the Policy Statement are replaced with the following:

“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 Regulation 51-101).”.

**6.** Section 2.5 of the Policy Statement is amended:

(1) by replacing, wherever they occur in the French text, the words “produits d’exploitation” with the words “produits des activités ordinaires”;

(2) by replacing, in the title, the words “**That Has**” with the word “**With**”;

(3) by replacing, in the French text of paragraph (1), the words “mise en valeur” with the word “développement”.

7. Section 2.7 of the Policy Statement is amended:

(1) by replacing, wherever they occur in the French text of subparagraph (a) of paragraph (3), the words “produits d’exploitation” with the words “produits des activités ordinaires” and the words “charges futures d’impôt” with the words “charges d’impôts futurs”;

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

“(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 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).”;

(3) by repealing paragraph (5);

(4) in paragraph (7):

(a) by deleting the second sentence of the first paragraph;

(b) by replacing, in the French text of the second paragraph, the words “produits d’exploitation” with the words “produits des activités ordinaires”;

(5) by replacing the second paragraph of paragraph (8) with the following:

“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 Regulation 51-101 and not misleading.”.

8. 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 “should be consistent” with the words “must be consistent”;

(3) by replacing, in the French text of the fourth paragraph, the words “mise en valeur” with the word “développées”.

9. The Policy Statement is amended par adding, after section 2.8, the following:

**“2.9. Chief Executive Officer**

Paragraph 2.1(3)(e) of Regulation 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 responsibilities 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 must 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 Regulation 51-101.”.

10. Section 5.2 of the Policy Statement is amended:

(1) by replacing paragraph (5) with the following:

“(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 COGE Handbook and subparagraph 5.2(a)(iv) of Regulation 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 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 developments).”;

(2) by replacing the French text of paragraph (6) with the following:

“(6) **Réserves prouvées ou probables non développées** – Il faut déclarer les réserves prouvées ou probables non développées pendant l’exercice au cours duquel elles sont comptabilisées. L’émetteur assujéti qui ne déclare pas certaines réserves prouvées ou probables non développées pour la seule raison qu’il n’a pas encore dépensé les fonds destinés au développement pourrait omettre de l’information importante et ainsi rendre trompeuse l’information sur les réserves. Si l’existence des réserves prouvées ou probables non développées n’est pas communiquée au public, les personnes qui ont une relation privilégiée avec l’émetteur et savent qu’elles existent n’auront pas le droit d’acheter ou vendre des titres de l’émetteur tant que cette information n’aura pas été diffusée. Le prospectus de l’émetteur pourrait ne pas révéler tous les faits importants de façon complète, véridique et claire en l’absence d’information sur ces réserves.”.

11. 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 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 Regulation 51-101 Glossary. In addition, section 5.3 of Regulation 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.

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 must comply with subsection 5.16(3) of Regulation 51-101.

For further guidance on disclosure of reserves and of resources other than reserves, see sections 5.2 and 5.5 of this Policy Statement.”.

**12.** Section 5.4 of the Policy Statement is amended by replacing the words “; making direct or indirect reference to the conclusions of that report in the filed Form 51-101F1 and Form 51-101F3; and identifying the report in the news release referred to in section 2.2” with the words “or making direct or indirect reference to the conclusions of that report in the filed Form 51-101F1 and Form 51-101F3”.

**13.** Section 5.5 of the Policy Statement is amended:

(1) by adding, in the title, the words “**Other than Reserves**” after the word “**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 literature<sup>1</sup> on the subject.

<sup>1</sup> 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).”;

(3) by replacing the second to last and last sentences of the second paragraph of paragraph (2) with the following paragraph:

“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 Regulation 51-101.”;

(4) in paragraph (3):

(a) by replacing, in the third paragraph of subparagraph (a), the words “In addition, pursuant to section 5.3 and paragraph 5.9(2)(b)” with the words “Pursuant to section 5.3” and the words “paragraph 5.9(2)(b)” with the words “subsection 5.3(1)”;

(b) by replacing subparagraph (b) 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 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.

In addition to disclosing the most specific category of resource, 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 Regulation 51-101 is included.”;

(c) by replacing, in subparagraph (c), “5.9(2)(c)(v)” with “5.9(2)(d)(v)” wherever it occurs, “5.9(2)(c)(iii)” with “5.9(2)(d)(iii)” and “5.9(2)(c)” with “5.9(2)(d)”.

**14.** The Policy Statement is amended par inserting, after section 5.9, the following:

“**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 Regulation 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.”.

**15.** Section 5.10 of the Policy Statement is amended:

(1) by replacing, in paragraph (2), “5.9 and 5.10” with “5.9, 5.10 and 5.16”;

(2) by replacing, in the French text of paragraph (3), the words “à la mise en valeur” with the words “au développement” and, wherever they occur, the words “mises en valeur” with the word “développées”.

**16.** Appendix 1 of the Policy Statement is amended by replacing, wherever it occurs, the word “supplemental” with the word “supplementary” and by replacing wherever they occur in the French text, the words “produits d’exploitation” with the words “produits des activités ordinaires”, the words “mises en valeur” with the word “développées”, the words “mise en valeur” with the word “développement” and the words “frais d’exploitation” with the words “coûts opérationnels”.

**17.** The Policy Statement is amended by replacing, wherever they occur in the French text, the words “mise en valeur” with the word “développement”, and making the necessary changes.