

REGULATION TO AMEND REGULATION 51-101 RESPECTING STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

Securities Act

(chapter V-1.1, s. 331.1, par. (1), (2), (3), (8), (19.3), (19.5), (20) and (34))

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

(1) by inserting, before the definition of the expression “analogous information”, the following:

““abandonment costs” means all costs associated with

(a) rendering all intervals of a well incapable of flow into the wellbore or between intervals;

(b) removing all wellhead equipment; and

(c) the physical removal of surface facilities, and the decommissioning of any facilities, in the vicinity of the well, required for the transport, treatment and metering of a product type;

“alternate reference point” means a location at which quantities and values of a product type are measured before the first point of sale;”;

(2) by inserting, after the definition of the expression “anticipated results” the following:

““bitumen” means the naturally occurring viscous mixture, consisting mainly of pentanes and heavier hydrocarbons, with a viscosity greater than 10,000 mPa·s (cP) measured at the mixture’s original temperature in the reservoir and at atmospheric pressure on a gas-free basis;”;

(3) by inserting, after the definition of the expression “BOEs”, the following:

““byproduct” means a hydrocarbon or non-hydrocarbon that is recovered as a consequence of producing a product type;

“coal bed methane” means natural gas, primarily made up of methane, contained in coal deposits;”;

(4) by inserting, after the definition of the expression “COGE Handbook”, the following:

““contingent resources data” means an estimate of contingent resources and related future net revenue, estimated using forecast prices and costs;

“conventional natural gas” means natural gas contained in and produced from pore space in an accumulation for which the primary trapping mechanism is related to hydrodynamic forces and localized or depositional geological features;”;

(5) by inserting, after the definition of the expression “effective date”, the following:

““first point of sale” means the first point after initial production at which there is a transfer of ownership of a product type;”;

(6) by inserting, after the definition of the expression “foreign geographic area”, the following:

““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, abandonment costs and reclamation costs;

“gas hydrates” means naturally occurring crystalline substances composed of water and gas, in an ice lattice structure;

“heavy crude oil” means crude oil with a 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;”;

(7) by inserting, after the definition of the expression “independent”, the following:

““light crude oil” means crude oil with a density greater than 31.1 degrees API gravity;”;

(8) by inserting, after the definition of the expression “McfGEs”, the following:

““medium crude oil” means crude oil with a density that is 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 non-hydrocarbon 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, condensate and may contain non-hydrocarbons;”;

(9) by replacing the definition of the expression “oil and gas activities” with the following:

““oil and gas activities” includes

(a) the search for product types in their natural locations;

(b) the acquisition of property rights or properties for the purpose of exploring for or removing product types from their natural locations;

(c) the activities 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; and

(d) the production of synthetic crude oil or synthetic gas;

but does not include any of the following:

(e) activities that occur after the first point of sale;

(f) activities relating to the extraction of natural resources other than product types and their byproducts;

(g) the extraction of hydrocarbons as a consequence of the extraction of geothermal steam;

“oil and gas metric” means a numerical measure of a reporting issuer’s oil and gas activities;”;

(10) by deleting the definition of the expression “production group”;

(11) by replacing the definition of the expression “product type” with the following:

““product type” means any of the following:

(a) in respect of liquid hydrocarbons, any of the following:

- (i) a combination of light crude oil and medium crude oil;
- (ii) heavy crude oil;
- (iii) bitumen;
- (iv) natural gas liquids;
- (v) synthetic crude oil;

(b) in respect of gaseous hydrocarbons, any of the following:

- (i) conventional natural gas;
- (ii) coal bed methane;
- (iii) gas hydrates;
- (iv) shale gas;
- (v) synthetic gas;”;

(12) by inserting, after the definition of “professional organization”, the following:

““prospective resources data” means an estimate of prospective resources and related future net revenue, estimated using forecast prices and costs;”;

(13) by inserting, after the definition of “qualified reserves evaluator or auditor”, the following:

““reclamation costs” means all costs, other than abandonment costs, associated with restoring land as close as possible to its original state or to a standard prescribed or imposed by a government or regulatory authority;”;

(14) by inserting, after the definition of “reserves data”, the following:

““shale gas” means natural gas

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

(b) that requires the use of fracturing techniques to achieve economic production rates;”;

(15) by inserting, after the definition of “supporting filing”, the following:

““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 types; and

(b) comprised of not less than 10% by volume of methane; and

“synthetic crude oil” means a mixture of liquid hydrocarbons derived by upgrading bitumen, kerogen from oil shales, coal or from gas to liquid conversion and may contain sulphur or other non-hydrocarbon compounds.”.

2. Section 2.1 of the Regulation is amended:

(1) by deleting, in paragraph (1), “, Statement of Reserves Data and Other Oil and Gas Information”;

(2) in paragraph (2):

(a) by deleting, in the part preceding subparagraph (a), “, Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor”;

(b) by replacing subparagraph (b) 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% of the future net revenue (calculated using a discount rate of 10%) 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 such 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.”;

(3) by deleting, in paragraph (3), “, Report of Management and Directors on Oil and Gas Disclosure”.

3. Section 2.4 of the Regulation is amended by replacing paragraph (1) with the following:

“(1) If a qualified reserves evaluator or auditor cannot report without reservation on reserves data, contingent resources data or prospective resources data, the reporting issuer must ensure that the report of the qualified reserves evaluator or auditor prepared for the purpose of item 2 of section 2.1 sets out the cause of the reservation and the effect, if known to the qualified reserves evaluator or auditor, on the reserves data, contingent resources data, or prospective resources data.”.

4. Section 3.2 of the Regulation 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 a qualified reserves evaluator, or qualified reserves auditor, that is independent of the reporting issuer, and must have the evaluator or auditor 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 have the qualified reserves evaluator or qualified reserves auditor appointed under subsection (1) report to the board of directors of the reporting issuer on the contingent resources data or prospective resources data included in the statement.”.

5. Section 3.4 of the Regulation is amended:

(1) by inserting, in paragraph (c) and after the words “reserves data”, “, contingent resources data or prospective resources data”;

(2) in paragraph (d):

(a) by inserting, in the part preceding subparagraph (i) and after the words “reserves data”, “, contingent resources data or prospective resources data”;

(b) by inserting, in subparagraph (ii) and after the words “reserves data”, “, contingent resources data or prospective resources data”.

6. Section 4.2 of the Regulation is amended by inserting, after the words “reserves data”, “, contingent resources data or prospective resources data”.

7. Section 5.2 of the Regulation is amended:

(1) by replacing the part preceding paragraph (a) with the following:

“(1) If a reporting issuer makes disclosure of reserves or other information of a type that is specified in Form 51-101F1, the reporting issuer must ensure that the disclosure satisfies the following requirements:”;

(2) by deleting, in paragraph (c), “, Statement of Reserves Data and Other Oil and Gas Information”;

(3) by inserting, after paragraph (d), the following:

“(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.”.

8. Section 5.4 of the Regulation 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 byproducts 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 byproducts with respect to an alternate reference point if, to a reasonable person, the resources, product types or associated byproducts would be marketable at the alternate reference point.

(3) If a reporting issuer discloses resources or sales of product types or associated byproducts 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.”.

9. Sections 5.5 and 5.7 of the Regulation are repealed.

10. Section 5.9 of the Regulation is amended:

(1) by inserting, after subparagraph (iii) of subparagraph (d) of paragraph (2), the following:

“(iii.1) a description of the project including

(A) each significant event in the project and the specific time period in which each event is expected to occur;

(B) the recovery technology; and

(C) whether the project is a conceptual or pre-development study;”;

(2) by replacing, in the part preceding subparagraph (a) of paragraph (3), “(2)(c)(iii)” with “(2)(d)(iii), (iii.1)”;

(3) by inserting, after paragraph (3), 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.”.

11. Sections 5.11 to 5.13 of the Regulation are repealed.

12. Section 5.14 of the Regulation 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 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 or 6 of Form 51-101F1, the reporting issuer must include disclosure that

(a) identifies the standard and source of the oil and gas metric;

(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.”.

13. Section 5.15 of the Regulation is repealed.

14. Section 5.16 of the Regulation is amended by replacing, in subparagraph (b) of paragraph (3), “5.9(2)(c)(v)(A)” with “5.9(2)(d)(v)(A)” and “5.9(2)(c)(v)(B)” with “5.9(2)(d)(v)(B)”.

15. The Regulation is amended by inserting, after section 5.17, 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.”.

16. The Regulation is amended by replacing the title of Part 6 with the following:

“PART 6 MATERIAL CHANGE DISCLOSURE AND CEASING TO ENGAGE IN OIL AND GAS ACTIVITIES”.

17. Section 6.1 of the Regulation is amended by replacing, in paragraph (1), the word “Part” with the word “section”.

18. The Regulation is amended by inserting, after section 6.1, 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.”.

19. Form 51-101F1 of the Regulation is amended:

(1) by replacing, in paragraph (2) of the general instructions, the words “*its financial year then ended*” with the words “*the financial year then ended*”;

(2) by inserting, in paragraph (4) of the instructions of item 1.1 and after the words “*should ensure its financial*”, the word “*statement*”;

(3) in item 2.1:

(a) by replacing, wherever they occur in the French text of paragraph (2), the words “*valeur des produits des activités ordinaires nets futurs*” with the words “*valeur actualisée nette des produits des activités ordinaires nets futurs*” and the words “*charges d’impôt futurs*” with the words “*charges d’impôts futurs*”;

(b) in paragraph (3):

(i) in subparagraph (b):

(A) by inserting, in subparagraph (v) and after the word “*abandonment*”, the word “*costs*”;

(B) by replacing, wherever they occur in the French text of subsections (vi), (vii) and (viii), the words “*charges d’impôt futurs*” with the words “*charges d’impôts futurs*”;

(ii) by replacing subparagraph (c) with the following:

“(c) Disclose, by product type, in each case with associated byproducts, and on a unit value basis for each product type, in each case with associated byproducts (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%.’;

(c) by inserting, after paragraph (3), the following:

“4. Contingent Resources or Prospective Resources - If the reporting issuer discloses contingent resources or prospective resources in the statement filed or to be filed under item 1 of section 2.1 of the Regulation, disclose, separately from the disclosure required by items 1, 2 and 3 of section 2.1 of this Form,

(a) the contingent resources or prospective resources, as applicable, gross and net, estimated using forecast prices and costs, for each product type, in each of the following categories:

- (i) contingent resources (1C);
- (ii) contingent resources (2C);
- (iii) contingent resources (3C);
- (iv) prospective resources (low estimate);
- (v) prospective resources (best estimate);
- (vi) prospective resources (high estimate); and

(b) the net present value of future net revenue attributable to each category of resources referred to in paragraph (a) of this Item, estimated using forecast prices and costs, before deducting future income tax expenses, calculated using discount rates of 0%, 5%, 10%, 15% and 20%.

INSTRUCTIONS

(1) *Disclose all of the reserves over 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, contingent resources data or prospective resources 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 resources (in contrast to being an independent purchaser, broker, dealer or importer), disclose separately the reporting issuer’s interest in the resources 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) *A reporting issuer may disclose resources separately from the disclosure required under item 2.1 of this Form. The separate disclosure must include an explanation of the purpose for the separation and of whether the separately disclosed resources were also included in the disclosure required under item 2.1 of this Form.*

(5) *If the reporting issuer's disclosure of resources would, to a reasonable person, be misleading, if stated without 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 resources disclosed in the statement filed or to be filed under item 1 of section 2.1 of the Regulation.*

(6) *If a reporting issuer voluntarily discloses contingent resources or prospective resources and the 1C or low estimate, as applicable, has a negative net present value at any of the discount rates referred to in paragraph (4)(b), the reporting issuer must disclose the negative net present value.*

GUIDANCE

A reporting issuer is subject to section 5.9 of the Regulation when providing disclosure of contingent resources or prospective resources in this Form.”.

(4) by deleting items 2.3 and 2.4;

(5) in item 3.2:

(a) by inserting, in paragraph 1 and after the words “reserves data”, “, contingent resources data or prospective resources data”;

(b) in the instructions:

(i) by inserting, in paragraph 2 and after the words “reserves data”, “, contingent resources data or prospective resources data”;

(ii) by deleting paragraph 3;

(6) in item 4.1:

(a) by replacing subparagraphs (b) and (c) of paragraph 2 with the following:

“(b) for each of the following:

(i) a combination of light crude oil and medium crude oil;

(ii) heavy crude oil;

(iii) bitumen;

(iv) natural gas liquids;

(v) synthetic crude oil;

(vi) conventional natural gas;

(vii) coal bed methane;

(viii) gas hydrates;

(ix) shale gas;

(x) synthetic gas;

“(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.”;

(b) by replacing, in paragraph (2) of the instructions, the word “*by-product*” with the word “*byproduct*”;

(7) in item 5.1:

(a) by deleting, wherever they occur, the words “and, in the aggregate, before that time”;

(b) by replacing, wherever they occur, the words “not planning to develop” with the words “deferring the development of”;

(c) by inserting, after paragraph 2, the following:

“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 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 Mcf 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.”;*

(8) by replacing item 5.2 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 costs 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.*”;

(9) by replacing item 6.2.1 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 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 costs 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.*”;

(10) by deleting item 6.4;

(11) by replacing item 6.6 with the following:

“Item 6.6 Costs Incurred

Disclose by country for the most recent financial year 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.”;

(12) by replacing, in paragraph 1 of item 6.9, the words “To the extent not previously disclosed in financial statements by the reporting issuer, disclose” with “Disclose,”.

20. Form 51-101F2 of the Regulation 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 the Regulation.

1. Terms to which a meaning is ascribed in the Regulation 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 the Regulation, 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

To the board of directors of [name of reporting issuer] (the “Company”):

1. We have [audited] [evaluated] [and 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 estimates of [contingent resources][and][prospective resources] 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.

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] [evaluation] [and review].

We carried out our [audit] [evaluation] [and review] in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”) prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an [audit] [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] [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.

4. **[If the Company has reserves, include this paragraph]** The following table shows the estimated 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%, included in the reserves data of the Company [audited] [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] [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			<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx¹</u>

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 the Regulation, 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% (required by section 2 of Item 2.1 of Form 51-101F1).

4.1 **[If the Company has disclosed contingent resources data or prospective resources data, include this paragraph]** The following table sets forth the estimated future net revenue (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][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 Reserves Other than Reserves (Country or Foreign Geographic Area)	Estimated volume of Contingent/Prospective Resources	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)		
					Audited	Evaluated	Total
Contingent Resources (2C)	Evaluator	xxx xx, 20xx	xxxx	xxx	\$xxx	\$xxx	\$xxx
Prospective Resources (Best Estimate)	Evaluator	xxx xx, 20xx	xxxx	xxx	\$xxx	\$xxx	\$xxx

5. In our opinion, the [reserves data][,][contingent resources data][and][prospective resources data] respectively [audited] [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.

6. 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.

7. 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]”.

21. Form 51-101F3 of the Regulation 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 the Regulation.

1. Terms to which a meaning is ascribed in the Regulation have the same meaning in this form.

2. The report referred to in item 3 of section 2.1 of the Regulation 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 may include, if disclosed in the statement required by item 1 of section 2.1 of the Regulation, contingent resources data or prospective resources data.

[Alternative A: Reserves Data to Report or Contingent Resources Data or Prospective Resources Data Reported]

[An] independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [has / have] [audited] [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; 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 Reported]

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]”.

22. The Regulation is amended by inserting, after Form 51-101F4, 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 the Regulation.

1. Terms to which a meaning is ascribed in the Regulation have the same meaning in this form.

2. The notice referred to in section 6.2 of the Regulation 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]”.

23. This Regulation comes into force on (*insert here the date of coming into force of this Regulation*).