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December 18, 2008

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – Exemption from disclosure requirements in NI 51-10 *Standards of Disclosure for Oil and Gas Activities* - The Filer wants an exemption from the sections of NI 51-101 relating to filing its reserves data and other oil and gas information, and certain disclosure of reserves - A reporting issuer is active in capital markets outside of Canada; it is subject to disclosure requirements under US securities legislation; it will comply with US disclosure requirements and provide modified NI 51-101 reports

Applicable British Columbia Provisions

National Instrument 51-101, s. 8.1

In the Matter of
the Securities Legislation of
British Columbia and Ontario (the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Application in Multiple Jurisdictions

and

In the Matter of
Ivanhoe Energy Inc. (the Filer)

Decision

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempted from the requirements contained in the Legislation to disclose information concerning oil and gas activities in accordance with the following sections of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101):

(a) section 2.1;

(b) sections 5.2(a)(iii) and (iv), 5.2(b) and (c) and 5.3,

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but only in respect of reserves as disclosed in accordance with US Disclosure Requirements defined below; and

(c) sections 5.8, 5.15(a), 5.15(b)(i) and 5.15(b)(iv);

including as those requirements pertain to prospectuses, annual information forms and other disclosure documents (collectively, the Specified Canadian Disclosure Requirements).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application,
- (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 the provinces of Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and the Yukon Territory, and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:
- 1. the Filer is exempted from certain requirements of NI 51-101 pursuant to a decision document dated March 4, 2004 issued under the Mutual Reliance Review System for Exemptive Relief Applications (the Original Decision);
 - 2. as a result of the amendments that were made to NI 51-101 on December 28, 2007, the Original Decision will terminate on December 28, 2008, the Filer acknowledges that this decision supercedes and replaces the Original Decision in its entirety;

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3. the basic circumstances upon which the decision to grant the relief contained in the Original Decision was based continue to apply to the Filer and the relief requested by the Filer represents a grandfathering of the relief in the Original Decision, modified as required;
4. the Filer's head office is in Vancouver, British Columbia;
5. the Filer is a reporting issuer or equivalent in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and the Yukon Territory;
6. the Filer currently has registered securities under the *United States Securities Exchange Act of 1934*;
7. the Filer's common shares are listed on both the Toronto Stock Exchange and the NASDAQ Capital Market;
8. the Filer is active in capital markets outside Canada where it competes for capital with foreign issuers, and has offered and intends to continue to offer securities in the US;
9. a significant portion of its securities are held, or its security holders are located, outside of Canada;
10. for purposes of making an investment decision or providing investment analysis or advice, a significant portion of its investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to US and international oil and gas issuers and, accordingly, comparability of its disclosure to their disclosure is of primary relevance to market participants;
11. the disclosure requirements relating to reserves and oil and gas activities under US securities legislation (including disclosure requirements or guidelines issued or referenced by the SEC), as interpreted and applied by the SEC (US Disclosure Requirements), are different from the oil and gas disclosure requirements prescribed by the Legislation; and
12. compliance with the Specified Canadian Disclosure Requirements would disadvantage the Filer in competing for investment capital.

Decision

- ¶ 4 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.

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The decision of the Decision Makers under the Legislation is that:

1. the Filer is exempt from the Specified Canadian Disclosure Requirements for so long as:
 - (a) annual filings – the Filer files with the securities regulatory authorities the following not later than the date on which it is required by the Legislation to file audited financial statements for its most recent financial year:
 - (i) a modified statement of reserves data and other oil and gas information relating to its oil and gas activities containing the information contemplated by, and consistent with, US Disclosure Requirements;
 - (ii) a modified report of qualified reserves evaluators in a form acceptable to the principal regulator; and
 - (iii) a modified report of management and directors on reserves data and other information in a form acceptable to the principal regulator;
 - (b) use of COGE Handbook – the Filer's estimates of reserves and related future net revenue (or, where applicable, related standardized measure of discounted future net cash flows (the standardized measure)) are prepared or audited in accordance with the standards of the COGE Handbook modified to the extent necessary to reflect the terminology and standards of the US Disclosure Requirements;
 - (c) consistent disclosure – subject to changes in the US Disclosure Requirements and NI 51-101 and related policies, the Filer is consistent in its application of standards relating to oil and gas information and its disclosure of such information, within and between reporting periods, and without limiting the generality of the foregoing, in any disclosure made to the public, the Filer's estimates of reserves and related future net revenue (or, where applicable, related standardized measure) must be consistent with the reserves and related future net revenue (or, where applicable, related standardized measure) reported in its most recent filing with the Decision Maker;
 - (d) disclosure of reserves - if the Filer discloses probable reserves (which must be categorized in accordance with the COGE Handbook) separately from US proved reserves and a portion of the probable reserves includes US proved reserves, the Filer discloses that portion and explains the reason for

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the overlapping volume (which arises from the application of two different categorization systems);

(e) disclosure of this decision and effect – the Filer

(i) at least annually, files on SEDAR (either in a separate document or in its annual information form) a statement:

(A) of the Filer's reliance on this decision;

(B) that explains generally the nature of the information that the Filer has disclosed or intends to disclose in the year in reliance on this decision and that identifies the standards and the source of the standards being applied (if not otherwise readily apparent); and

(C) to the effect that the information that the Filer has disclosed or intends to disclose in the year in reliance on this decision may differ from the corresponding information prepared in accordance with NI 51-101 standards (if that is the case), and briefly describes the principal differences between the standards applied and the requirements of NI 51-101; and

(ii) includes, reasonably proximate to all other written disclosure that the Filer makes in reliance on this decision, a statement:

(A) of the Filer's reliance on this decision;

(B) that explains generally the nature of the information being disclosed and identifies the standards and the source of the standards being applied (if it is not otherwise readily apparent);

(C) that the information disclosed may differ from the corresponding information prepared in accordance with NI 51-101 standards; and

(D) that reiterates or incorporates by reference the disclosure referred to in paragraph 1(e)(i)(C).

This decision:

(a) supercedes and replaces the Original Decision in its entirety; and

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- (b) terminates one year after the effective date of any change to the Specified Canadian Disclosure Requirements or the US Disclosure Requirements, unless:
 - (i) the principal regulator otherwise agrees in writing; or
 - (ii) the change is a clerical or other minor amendment.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission