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December 22, 2010

## 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 which has a similar, but more limited, oil and gas disclosure regime; the reporting issuer is required to comply with NI 51-101 disclosure requirements at the expiration of its current exemptive relief, subject to certain transition provisions that allow the Filer to transition into the NI 51-101 disclosure regime

## 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 Applications 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 following (collectively the Exemptions Sought):

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- (a) sections 5.2 and 5.3 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) NI 51-101 (the COGEH Relief);
- (b) section 5.15(b)(iii) of NI 51-101 (the Transitional F&D Comparative Relief);
- (c) item 4.1 of Form 51-101F1 *Statement of Reserves Data and Other Information* (Form 51-101F1) (the Transitional Reconciliation Relief);
- (d) item 5.1 of Form 51-101F1 (the Transitional 2010 PUD Relief); and
- (e) paragraphs 5.1(1)(a) and 5.1(2)(a) of Form 51-101F1 (the Transitional 2011/2012 PUD Relief).

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 each of the provinces and territories in Canada other than British Columbia and Ontario; 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, NI 51-101 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 herein.

### **Representations**

- ¶ 3 The Filer represents that:

1. the Filer is a corporation existing under the laws of the Yukon Territory;
2. the Filer's head office is located in Vancouver, British Columbia;

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3. the authorized capital of the Filer consists of an unlimited number of common shares without par value (Common Shares) and an unlimited number of preferred shares without par value (Preferred Shares); as of December 10, 2010, there are 334,243,100 Common Shares and no Preferred Shares issued and outstanding;
4. the Common Shares are listed on the Toronto Stock Exchange under the symbol "IE" and on the NASDAQ Capital Market under the symbol "IVAN";
5. the Filer is a "reporting issuer" or its equivalent in each of the provinces of Canada and in the Yukon Territory (Reporting Jurisdictions), and is not in default of securities legislation in any of the Reporting Jurisdictions;
6. the Filer has securities registered under the United States *Securities Exchange Act of 1934*;
7. 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 United States of America (the US) and outside Canada;
8. a significant portion of the Filer's securities are held, or a significant portion of its security holders are located, outside Canada;
9. differences between the requirements and restrictions under US securities laws and guidance applied by the SEC, as they relate to disclosure concerning reserves and future net revenue, in material required to be filed with the SEC (collectively, the US Disclosure Requirements), and the requirements and restrictions under NI 51-101 are such that, absent relief, some disclosure made in accordance with US Disclosure Requirements would contravene NI 51-101, Form 51-101F1 or both (together, the Instrument);
10. for purposes of making an investment decision or providing investment analysis or advice, a significant portion of the Filer's investors, lenders and investment analysts in both Canada and the US routinely compare the Filer to issuers engaged in oil and gas activities that are based in the US or other foreign countries, such that comparability of the Filer's disclosure to that of such foreign-based issuers is of primary relevance to those market participants;
11. the Filer internally uses U.S. and international oil and gas companies as part of its comparison group of peer companies;

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12. under a decision dated December 18, 2008 issued in respect of the Filer, the Filer has been permitted to make certain disclosure otherwise contrary to the Instrument (the 2008 Relief);
13. under its terms and a result of changes to the US Disclosure Requirements, the Filer will cease to be able to rely on the 2008 Relief after December 31, 2010 and will become subject to all of the requirements of the Instrument; temporary transitional relief would facilitate convergence of certain of the Filer's reserves and future net revenue disclosure practices with the Instrument, without detriment to market participants; and
14. the Filer may wish to include, in its disclosure that is subject to Part 5 of NI 51-101, disclosure of reserves and future net revenue prepared in accordance with US Disclosure Requirements (the Filer's US Disclosure).

### **Decision**

- ¶ 4 Each of the Decision Makers is satisfied that the decision satisfies the test set out in the Legislation for the Decision Maker to make the decision.

Pursuant to section 8.1 of NI 51-101:

- (a) the COGEH Relief is granted with respect to the Filer's US Disclosure (if any), and with respect to the Filer's US disclosure of finding and development costs captured by section 5.15 of NI 51-101 (the Filer's US F&D Disclosure)(if any), as the case may be, when and to the extent that the Filer's US Disclosure or the Filer's US F&D Disclosure is filed or disseminated by or on behalf of the Filer in Canada, provided that:
  - (i) the Filer describes any material differences between such disclosure and the corresponding disclosure it also makes, as required, under Canadian securities laws (its Required Canadian Disclosure), within or proximate to its Required Canadian Disclosure;
  - (ii) the Filer's US Disclosure (if any):
    - (A) complies with the US Disclosure Requirements;
    - (B) is clearly identified as having been prepared in accordance with US Disclosure Requirements;
    - (C) discloses the effective date of the estimates disclosed therein; and

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- (D) is based on reserves estimates which have been prepared or audited by a qualified reserves evaluator or auditor; and
- (iii) with respect to the Filer's US F&D Disclosure (if any),
  - (A) the proved reserves and, if disclosed, the probable reserves included in the Filer's US F&D Disclosure are determined in accordance with US Disclosure Requirements, and
  - (C) the Filer provides disclosure in accordance with section 5.15 of NI 51-101 and this disclosure is publicly available to investors;
- (b) the Transitional F&D Comparative Relief is granted for the F&D Disclosure for the Filer's financial years ending in 2010, 2011 and 2012, in each case only to the extent that the requisite comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years is not available to the Filer;
- (c) the Transitional Reconciliation Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010;
- (d) the Transitional 2010 PUD Relief is granted for the Required Canadian Disclosure for the Filer's financial year ending in 2010, only to the extent that the requisite information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of the NI 51-101 an explanation why this information is omitted; and
- (e) the Transitional 2011/2012 PUD relief is granted for the Required Canadian Disclosure for the Filer's financial years ending in 2011 and 2012, only to the extent that information about volumes of proved undeveloped reserves or probable undeveloped reserves that were first attributed in each of the most recent three financial years, and the aggregate attributed before that time, is not available to the Filer, provided that the Filer includes in its annual filing under section 2.1 of the NI 51-101 an explanation why this information is omitted.

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This decision, as it relates to paragraph (a) above, will terminate on the effective date of any amendment to the Legislation that permits disclosure of the nature contemplated by that paragraph.

Sheryl Thomson  
Acting Director, Corporate Finance  
British Columbia Securities Commission