

**Amendments to
Companion Policy 51-101CP Standards of Disclosure for Oil and Gas Activities**

1. ***Companion Policy 51-101CP Standards of Disclosure for Oil and Gas Activities is amended.***
2. ***Section 1.2 is amended by replacing*** “including disclosure of reserves and resources” ***with*** “including disclosure of reserves and of resources other than reserves”.
3. ***Section 1.4 is amended by deleting*** “This concept of materiality is consistent with the concept of materiality applied in connection with financial reporting pursuant to the CICA Handbook.”.
4. ***Section 2.3 is amended by replacing*** “The report of management and directors in Form 51-101F3 may be combined with management's report on financial statements, if any, in respect of the same financial year.” ***with the following***

A reporting issuer may supplement the annual disclosure required under NI 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 NI 51-101..

5. ***Subsection 2.4(2) is amended by replacing*** “A reporting issuer that elects to follow this approach should file its annual information form in accordance with the usual requirements of securities legislation, and at the same time on SEDAR in the category for NI 51-101 oil and gas disclosure, a notification that the information required under section 2.1 of NI 51-101 is included in the reporting issuer’s filed annual information form. More specifically, the notification should be filed under SEDAR Filing Type: “Oil and Gas Annual Disclosure (NI 51-101)” and Filing Subtype/Document Type: “Oil and Gas Annual Disclosure Filing (Forms 51-101F1, F2 & F3)”. Alternatively, the notification could be a copy of the news release mandated by section 2.2 of NI 51-101. If this is the case, the news release should be filed under SEDAR Filing Type: “Oil and Gas Annual Disclosure (NI 51-101)” and Filing Subtype/Document Type: “News Release (section 2.2 of NI 51-101).” ***with*** “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 NI 51-101).”.
6. ***Section 2.7 is amended by***
 - (a) ***replacing subsection (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),

(b) *repealing subsection (5), and*

(c) *in subsection (7), deleting “Like a “subsequent event” note in a financial statement, the issuer should discuss this type of information even if it pertains to a period subsequent to the effective date.”.*

7. ***Subsection 2.8(2) is amended by replacing “Form 51-101F2 (and Form 51-101F3) contains a statement that variations between reserves data and actual results may be material but that any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.” with “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.” and replacing “Any variations arising due to technical factors should be consistent” with “Any variations arising due to technical factors must be consistent”.***

8. ***Subsection 5.2(5) is replaced by 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 *NI 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* 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)..

9. Section 5.3 is replaced with the following

5.3 Classification of Reserves and of Resources Other than Reserves

Section 5.3 of *NI 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 *NI 51-101 Glossary*. In addition, section 5.3 of *NI 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 Companion Policy..

10. Section 5.5 is amended by, in the title, adding “Other than Reserves” after “Resources”.

11. Subsection 5.5(1) is replaced with the following

- (1) **Disclosure of Resources Generally** -The disclosure of *resources*, excluding proved and *probable reserves*, is not mandatory under *NI 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 *NI 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 *NI 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.

12. ***Subsection 5.5(2) is amended by replacing “A reporting issuer cannot aggregate properties across different categories of resources if a resource estimate referenced in subsection 5.9(2) is disclosed.” with “A reporting issuer must not disclose an estimate reflecting a summation of different categories of resources (see section 5.16 of NI 51-101).”.***

13. ***Paragraph 5.5(3)(b) is replaced by 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 *NI 51-101*. Section 5 of volume 1 of the *COGE Handbook* and the *NI 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 *NI 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 *NI 51-101* must also be included.

14. ***These amendments become effective on January 1, 2011.***