

Appendix J

Schedule J-1

Amendments to National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*

1. ***National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards is amended by this Instrument.***
2. ***Section 1.1 is amended by adding the following definitions after “multiple convertible security”:***

““predecessor statements” mean the financial statements referred to in paragraph 32.1(1)(a) of Form 41-101F1 *Information Required in a Prospectus*;

“primary business statements” mean the financial statements referred to in paragraph 32.1(1)(b) of Form 41-101F1 *Information Required in a Prospectus*.”
3. ***Paragraph 2.1(2)(d) is amended by adding “acquisition statements, predecessor statements, or primary business statements, that are an” after “any”.***
4. ***Subsection 3.11(5) is amended by replacing “subsections (1), (2) and (4)” with “subsections (1) and (2)”.***
5. ***Subparagraph 3.11(5)(a)(i) is amended by replacing “gross revenue” with “gross sales”.***
6. ***Subparagraph 3.11(5)(a)(ii) is amended by replacing “royalty expenses” with “royalties”.***
7. ***Section 3.11 is amended by repealing subsection 3.11(6).***
8. ***Paragraph 3.12(2)(e) is amended by replacing “subsection 3.11(5) or (6)” with “subsection 3.11(5)”.***
9. ***Part 3 is amended by adding the following at the end:***

“3.17 Acceptable Accounting Principles for Predecessor Statements or Primary Business Statements that are an Operating Statement – If predecessor statements or primary business statements are an operating statement for an oil and gas property,

(a) the operating statement must include at least the following line items:

- (i) gross sales;
 - (ii) royalties;
 - (iii) production costs;
 - (iv) operating income;
- (b) the line items in the operating statement must be prepared using accounting policies that
- (i) are permitted by one of:
 - (A) Canadian GAAP applicable to publicly accountable enterprises;
 - (B) U.S. GAAP if the issuer is an SEC issuer or an SEC foreign issuer;
 - (C) IFRS if the issuer is a foreign issuer, and
 - (ii) would apply to those line items if those line items were presented as part of a complete set of financial statements, and
- (c) the operating statement must
- (i) include the following statement:

This operating statement is prepared in accordance with the financial reporting framework specified in section 3.17 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for an operating statement.

and
 - (ii) describe the accounting policies used to prepare the operating statement.

3.18 Acceptable Auditing Standards for Predecessor Statements or Primary Business Statements that are an Operating Statement –

- (1) If predecessor statements or primary business statements are an operating statement for an oil and gas property that are required by securities legislation to be audited, the operating statement must be accompanied by an auditor's report and audited in accordance with one of the following auditing standards:

- (a) Canadian GAAS;
 - (b) U.S. PCAOB GAAS if the issuer is an SEC issuer or an SEC foreign issuer;
 - (c) International Standards on Auditing if the issuer is a foreign issuer.
- (2) The auditor's report must,
- (a) if paragraph 1(a) or (c) applies, express an unmodified opinion,
 - (b) if paragraph 1(b) applies, express an unqualified opinion,
 - (c) identify all financial periods presented for which the auditor's report applies,
 - (d) identify the auditing standards used to conduct the audit, and
 - (e) identify the financial reporting framework used to prepare the operating statement.”.

10. This Instrument comes into force on May 14, 2013.