

## Appendix A

### Summary of Changes to Accounting Terms and Phrases and Other Changes for the Prospectus Rules

#### A. TERMINOLOGY CHANGES

##### Accounting Terms or Phrases

We replaced the following terms and phrases used in the prospectus rules with comparable IFRS terms or phrases.

| Original Term or Phrase                      | IFRS Term or Phrase                 |
|--|-------------------------------------|
| balance sheet                                | statement of financial position     |
| cash flow statement                          | statement of cash flows             |
| date of acquisition                          | acquisition date                    |
| income statement                             | statement of comprehensive income   |
| income/net income/earnings/net earnings      | profit or loss                      |
| interim financial statements                 | interim financial report            |
| operating cash flow                          | cash flow from operating activities |
| sales/operating revenues                     | revenue (as appropriate)            |
| shareholders' equity                         | equity                              |
| special purpose vehicle                      | special purpose entity              |
| statement of retained earnings               | statement of changes in equity      |
| The Handbook (accounting related references) | Canadian GAAP                       |

##### Other Changes to Accounting References

| Term  | Explanation of Change   |
|---|---|
| CICA Handbook section 3290 <i>Contingencies</i> | We removed the references in 41-101CP and 44-101CP to CICA Handbook section 3290 <i>Contingencies</i> as this section does not exist under IFRS. We believe the remaining guidance on interpreting the phrase “where a reasonable person would believe that the likelihood of the acquisition being completed is high” continues to be sufficient after removing this section reference.  |
| continuity of interests                         | As there is no comparable IFRS term, we replaced a reference to the Canadian GAAP term, “continuity of interests”, with a general description of these types of transactions in order to maintain the existing policy objective. Refer to Item 32.1(c) of Form 41-101F1.<br><br>We also removed the reference to “continuity of interest” in paragraph 32.4(f) of Form 41-101F1 because this paragraph refers to our revised description in section 32.1. |

| <b>Term</b>                                 | <b>Explanation of Change</b>  |
|---|---|
| date of transition to IFRS                  | We added the IFRS definition of “date of transition to IFRS” to section 1.1 of NI 41-101.   |
| deferred costs                              | <p>To be consistent with IFRS, the additional disclosure requirements for venture issuers without significant revenue were revised to remove the concept of deferred costs and focus on the recognition of assets in the statement of financial position.</p> <p>Specifically, we made the following changes:</p> <ul style="list-style-type: none"> <li>• “capitalized or expensed exploration and development costs” was replaced with “exploration and evaluation assets or expenditures”</li> <li>• “deferred development costs was replaced with “intangible assets arising from development”</li> <li>• “capitalized, deferred or expensed” was replaced with “expensed or recognized as assets”</li> </ul> <p>Refer to Item 8.6(1) and (2) in Form 41-101F1 and subsection 4.4(1) of 41-101CP for the changes.</p>   |
| earnings coverage ratios – long-term        | <p>For purposes of the earnings coverage ratio calculations, references to “long-term” in reference to financial liabilities were deleted from Item 9 of Form 41-101F1 and Item 6 of Form 44-101F1. IFRS is more restrictive than existing Canadian GAAP on when to reclassify long-term debt to current after a covenant breach. IFRS requires reclassification of debt to current if an entity does not receive a waiver by the end of the reporting period. In order for the earnings coverage ratio to capture all of the relevant debt regardless of financial statement classification, references to “long-term” financial liabilities were deleted from Item 9 of Form 41-101F1 and Item 6 of Form 44-101F1. This change is also consistent with the requirement to calculate the earnings coverage ratio based on total interest expense, not just interest expense on long-term debt.</p> <p>As the classification of debt is no longer relevant in the earnings coverage ratio calculations, Instruction (5) of Item 9 of Form 41-101F1 and Instruction (5) of Item 6 in Form 44-101F1 were removed.</p> |
| earnings coverage ratios – interest expense | <p>IFRS defines borrowing costs as interest costs and other costs that an entity incurs in connection with the borrowing of funds. We propose to change interest expense references in the earnings coverage ratio calculations to refer to borrowing costs. Earnings coverage ratios should be calculated based on total costs incurred in connection with the borrowing of funds.</p> <p>As borrowing costs will include servicing costs, the specific</p>  |

| <b>Term</b>                       | <b>Explanation of Change</b>  |
|-----------------------------------|---|
|                                   | requirement to include servicing costs is unnecessary and has been removed from paragraph 9.1(2)(e) in Form 41-101F1 and paragraph 6.1(2)(e) of Form 44-101F1.  |
| earnings coverage ratios - debt   | References to debt in Item 9 of Form 41-101F1 and Item 6 of Form 44-101F1 were replaced with “financial liabilities” to be consistent with the change from “interest” to “borrowing costs”.   |
| equity investees                  | We revised the language describing the disclosure requirements in Item 8.8 of Form 41-101F1 for issuers with significant equity investees to be consistent with IFRS terminology. Specifically in paragraph 8.8(1)(a), we replaced “summarized information as to the assets, liabilities and results of operations of the equity investee” with “summarized financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss”. |
| extraordinary items               | References to “extraordinary items” were removed as IFRS does not permit the presentation of any items of income or expense as extraordinary items in the financial statements.   |
| financial statements              | We added an inclusive definition of “financial statements” to NI 41-101 to clarify that interim financial reports should be considered when interpreting references to financial statements in NI 41-101. In certain cases, we revised provisions to refer to a specific set of financial statements.   |
| first IFRS financial statements   | We added the IFRS definition of “first IFRS financial statements” to section 1.1 of NI 41-101.  |
| forward-looking information       | As a definition of forward-looking information was added to NI 51-102, a reference to the definition was added to Form 41-101F1. Specifically in the definition, we replaced the phrase “results of operations” with “financial performance”.   |
| income from continuing operations | As the definition of “income from continuing operations” was removed from NI 51-102, the reference to the definition in section 1.1 of NI 51-102 was removed from NI 41-101.  |
| materiality                       | We removed the sentence “This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook” from the General Instructions of Forms 41-101F1 and 44-101F1. The concept of materiality in securities law is distinct from the financial reporting concept of materiality in accounting standards.  |
| operating cash flow               | Negative operating cash flow is a trigger for discussion in the following   |

| Term  | Explanation of Change   |
|---|---|
|   | <p>sections:</p> <ul style="list-style-type: none"> <li>• Additional Disclosure for Junior Issuers in the MD&amp;A in Item 8.7 of Form 41-101F1</li> <li>• Principal purposes in the Use of Proceeds section in subsection 4.3(1) of 41-101CP</li> </ul> <p>Unlike existing Canadian GAAP, IFRS permits dividends and borrowing costs to be classified as either operating, investing or financing activities. In order to receive a consistent discussion from issuers regardless of the financial reporting options available under IFRS, we will require the issuer to include dividends and borrowing costs as operating activities to determine whether the issuer has triggered the negative operating cash flow disclosure requirements in the prospectus rules.</p> |
| reportable segments as those terms are used in the Handbook | We removed the reference to the Handbook when referring to reportable segments in subsection 5.1(1) of Form 41-101F1 to be consistent with the change made in NI 51-102. The intention is to capture all reporting issuers with a reportable segment regardless of whether they consider themselves to be captured under IFRS 8 <i>Operating Segments</i> .   |
| reservation of opinion                                      | We replaced “reservation” and “reservation of opinion” with “modification to the opinion” or “modified opinion”. In relation to an opening inventory issue for non-reporting issuers, we replaced “reservation” with “qualified opinion”. These changes were made to be consistent with the terminology used in International Standards on Auditing. Please refer to sections 5.6 and 5.8 of 41-101CP.  |
| use of accounting terms                                     | Language was added to subsection 1.3(3) of 41-101CP to clarify the use of accounting terms and when the accounting or the legal meaning should apply. In one instance we clarified that the reference to “debt” in 41-101F1 should have the legal meaning by revising the term to “debt securities”.  |
| U.S. GAAS   | The definition of U.S. GAAS was replaced with definitions for U.S. AICPA GAAS and U.S. PCAOB GAAS to be consistent with the definitions used in section 1.1 of NI 52-107. This change was made to differentiate between auditing standards of the American Institute of Certified Public Accountants (for non-SEC registrants) and the Public Company Accounting Oversight Board (for SEC registrants).   |

## B. TRANSITION CHANGES

| Item   | Explanation of Change  | Reference  |
|--|--|--|
| IAS 1 opening statement of financial position  | In certain instances, when an issuer applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements, IAS 1 <i>Presentation of Financial Statements</i> requires the presentation of an opening statement of financial position. Form 41-101F1 will require the disclosure of this opening statement of financial position in both annual financial statements and interim financial reports. | <p>Form 41-101F1, paragraph 32.2(1)(c) Annual financial statements</p> <p>Form 41-101F1, paragraph 32.2(6)(e) Annual Financial Statements</p> <p>Form 41-101F1, paragraph 32.3(2)(d) Interim Financial Report</p>                                    |
| IFRS 1 opening statement of financial position | IFRS 1 requires the presentation of an opening statement of financial position at the date of transition to IFRS. We are requiring the IFRS 1 opening statement of financial position to be presented in an issuer's first IFRS interim financial report and first IFRS annual financial statements. This opening statement of financial position is the starting point for an issuer's accounting under IFRS and provides meaningful information to investors.                                      | <p>Form 41-101F1, paragraph 32.2(1)(d) Annual Financial Statements</p> <p>Form 41-101F1, paragraph 32.2(6)(d) Annual Financial Statements</p> <p>Form 41-101F1, paragraph 32.3(2)(e) Interim Financial Report</p> <p>41-101CP, subsection 5.5(3)</p> |
| IFRS 1 reconciliations                         | IFRS 1 requires interim and annual reconciliations to be included in an issuer's first IFRS interim financial report and first IFRS annual financial statements. IFRS 1 only requires interim reconciliations for subsequent quarters in the first year of IFRS adoption. The annual IFRS reconciliations are key to   | Form 41-101F1, subsections 32.3(4) and (5) Interim Financial Report  |

| <b>Item</b>                                       | <b>Explanation of Change</b>   | <b>Reference</b>  |
|---|--|---|
|   | <p>describing the impact of the IFRS transition to investors.</p> <p>Since an issuer may file an IPO prospectus at a time when the second or third quarter interim financial report is required to be included in the prospectus, and the first quarter interim financial report is no longer required to be included in the prospectus, we have added a disclosure requirement to include these reconciliations and the IFRS 1 opening statement of financial position in an issuer's IPO prospectus.</p>   | 41-101CP, subsection 5.5(3)   |
| presentation of statement of cash flows           | <p>Currently, NI 41-101 and existing Canadian GAAP require issuers to present an interim cash flow statement for the current interim period and the year-to-date interim period (e.g., 3 months ending June 30 and 6 months ending June 30).</p> <p>IFRS only requires the presentation of a statement of cash flows for the year-to-date interim period (e.g., 6 months ending June 30).</p> <p>We have revised NI 41-101 to eliminate the requirement to include in a prospectus, a statement of cash flows for the most recent interim period (i.e., 3 months ending June 30) because it is not required in IFRS.</p> | Form 41-101F1, paragraph 32.3(2)(c) Interim Financial Report  |
| presentation of statement of comprehensive income | We added disclosure requirements for the statement of comprehensive income based on the presentation options available under IFRS. If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income.  | <p>Form 41-101F1, subsection 32.2(1.1) Annual Financial Statements</p> <p>Form 41-101F1, subsection 32.3(3) Interim financial report</p> <p>41-101CP, section 5.1.1</p> |
| extension for first IFRS interim financial report | Item 38 of Form 41-101F1 includes transition provisions that provide reporting issuers with a 30 day extension to the deadline for including in a  | Form 41-101F1, Item 38  |

| <b>Item</b>  | <b>Explanation of Change</b>  | <b>Reference</b>                          |
|--|---|---|
|  | <p>prospectus the first IFRS interim financial report in respect of an interim period beginning on or after January 1, 2011. This extension applies only to reporting issuers.</p> <p>We believe this extension should be provided as the first IFRS interim financial report will be due not long after Canadian GAAP annual financial statements are required to be included in the prospectus. We recognize that boards of directors, audit committees, and auditors, will require additional time to review and approve the first set of IFRS financial statements. It should also be noted that other jurisdictions which transitioned to IFRS also granted filing extensions for the first IFRS filing, even though they only require issuers to file on a half-yearly basis.</p> <p>We have not provided reporting issuers with an extension to the deadline for including in a prospectus, subsequent IFRS interim financial reports or the first IFRS annual financial statements as we believe the filing deadlines applicable to financial statements are reasonable and appropriate after the initial changeover to IFRS.</p> |   |
| interpretation of acceptable accounting principles other than IFRS | Language was added to subsection 1.3(4) of 41-101CP to clarify that issuers including in a prospectus financial statements prepared in accordance with acceptable accounting principles other than IFRS may interpret any reference in the rules to a term or provision defined, or referred to, in IFRS as a reference to the corresponding term or provision in the other acceptable accounting principles.   | 41-101CP, subsection 1.3(4)               |
| MD&A supplement  | One proposed change to NI 52-107 is the elimination of the requirement in section 4.1 of that Instrument for an SEC issuer that previously used Canadian GAAP and changed to US GAAP to reconcile its financial statements to Canadian GAAP for two years. This change is effective for fiscal years beginning on or after January 1, 2011. The existing prospectus rules require that this reconciliation is discussed in an MD&A supplement.  | Form 41-101F1, subsections 8.3(1) and (2) |

| <b>Item</b>   | <b>Explanation of Change</b>   | <b>Reference</b>       |
|---|--|------------------------|
|   | As this reconciliation requirement will be eliminated, we propose to remove the related requirements for an MD&A supplement in subsections 8.3(1) and (2) of Form 41-101F1.  |                        |
| reference to continuous disclosure transition rules | A reference was added in the General Financial Statement Requirements section in 44-101CP that refers to the continuous disclosure transition rules that apply to the first interim financial report required to be filed in the year an issuer adopts IFRS. | 44-101CP, section 4.11 |

### C. HOUSEKEEPING CHANGES

| <b>Explanation of Change</b>   | <b>Reference</b>   |
|--|--|
| National Instrument 52-107 <i>Acceptable Accounting Principles, Auditing Standards and Reporting Currency</i> is proposed to be renamed National Instrument 52-107 <i>Acceptable Accounting Principles and Auditing Standards</i> . We have updated the prospectus rules for this name change.     | NI 41-101<br>Section 1.1   |
| Reference to “Multilateral Instrument 52-110” was updated to “National Instrument 52-110”.   | NI 41-101<br>Section 1.1   |
| The contact information was updated for the regulators in the Yukon, Nunavut and the Northwest Territories.  | NI 41-101<br>Appendix A,<br>Schedule 3                                       |
| The term “reporting currency” was replaced with “currency” to clarify that it is not an accounting term.   | Form 41-101F1<br>Section 1.5<br><br>Form 44-101F1<br>Section 1.6.1           |
| A reference to Regulation S-B has been deleted as a result of recent amendments to U.S. securities laws.   | Form 41-101F1<br>Subsection 8.1(1)   |
| Subsection 9.1(3) of Form 41-101F1 and subsection 6.1(3) from Form 44-101F1 were removed. These subsections are now unnecessary because of the Canadian GAAP and IFRS requirements for the presentation and classification of compound financial instruments into liability and equity components. | Form 41-101F1<br>Subsection 9.1(3)<br><br>Form 44-101F1<br>Subsection 6.1(3) |
| The original purpose of these subsections was for issuers to discuss and calculate an earnings coverage ratio that included the debt component (i.e.   |  |

| <b>Explanation of Change</b>   | <b>Reference</b>   |
|--|--|
| carrying charges) of a convertible equity security that was recorded entirely as equity (i.e. dividends) for accounting purposes.  |  |
| In the disclosure regarding earnings coverage ratios where the ratio is less than one-to-one, the term “earnings” was replaced with “numerator” as this is easier to understand.   | Form 41-101F1<br>Subsection 9.1(4)<br><br>Form 44-101F1<br>Subsection 6.1(4)                             |
| Instruction 3(c) to Item 9 of Form 41-101F1 was removed because it is covered by Instruction (8) to Item 9<br><br>Instruction 3(c) to Item 6 of Form 44-101F1 was removed because it is covered by Instruction (9) to Item 6 | Form 41-101F1<br>Instruction (3)(c)<br>to Item 9<br><br>Form 44-101F1<br>Instruction (3)(c)<br>to Item 6 |
| We removed “or” from this paragraph because it was a typographical error.  | 41-101CP<br>Paragraph<br>5.9(1)(h)   |
| The name of NI 52-107 was removed because it is already defined in NI 41-101   | NI 44-102<br>Subsection 6.2(4)   |