



**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 by this Instrument.***
2. ***Subsection 1.1(3) is amended by adding “that” after “person would consider” and before “such interest”.***
3. ***Subsection 1.1(4) is amended by adding “other than reserves” after “resources” wherever it occurs.***
4. ***Paragraphs 1.1(5)(a) and (b) are amended by replacing “August 1, 2007” with “October 12, 2010” wherever it occurs.***
5. ***Section 1.2 is replaced by the following:***

1.2 *COGE Handbook*

Pursuant to section 1.2 of *NI 51-101*, definitions and interpretations in the *COGE Handbook* apply for the purposes of *NI 51-101* if they are not defined in *NI 51-101*, *NI 14-101* or the securities statute in the *jurisdiction* (except to the extent of any conflict or inconsistency with *NI 51-101*, *NI 14-101* or the securities statute).

Section 1.1 of *NI 51-101* and the *NI 51-101 Glossary* set out definitions and interpretations, many of which are derived from the *COGE Handbook*. *Reserves* and *resources* definitions and categories are incorporated in the *COGE Handbook* and are also set out, in part, in the *NI 51-101 Glossary*.

Subparagraph 5.2(a)(iii) of *NI 51-101* requires that all estimates of *reserves* or *future net revenue* have been prepared or audited in accordance with the *COGE Handbook*. Under sections 5.2, 5.3 and 5.9 of *NI 51-101*, all types of public *oil* and *gas* disclosure, including disclosure of *reserves* and of *resources* other than *reserves* must be prepared in accordance with the *COGE Handbook*.

6. ***Section 1.4 is amended by striking out “This concept of materiality is consistent with the concept of materiality applied in connection with financial reporting pursuant to the CICA Handbook.”***
7. ***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*.

8. **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 usual requirements of *securities legislation*, and at the same time file 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 the following:**

However, a *reporting issuer* that elects to follow this approach must file, at the same time and on *SEDAR*, in the appropriate *SEDAR* category, a notice in accordance with *Form 51-101F4* (see subsection 2.3(2) of *NI 51-101*).

9. **Section 2.5 is amended by replacing "That Has" with "With" in the title.**
10. **Section 2.7 is amended by**

(a) **replacing subsection (4) with the following:**

- (4) **Supplementary Disclosure of Future Net Revenue Using Constant Prices and Costs** – *Form 51-101F1* gives *reporting issuers* the option of disclosing *future net revenue*, together with associated estimates of *reserves* or *resources* other than *reserves*, determined using constant prices and costs. Constant prices and costs are assumed not to change 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),**

(c) **in subsection (7), striking out** "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*.", **and**

(d) replacing the second paragraph in subsection (8) with the following:

The disclosure prescribed in *Form 51-101F1* is the minimum disclosure required, subject to the *materiality* standard. *Reporting issuers* may provide additional disclosure that is not inconsistent with *NI 51-101* and not misleading..

11. **Subsection 2.8(2) is amended by**

(a) 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**

(b) replacing "Any variations arising due to technical factors should be consistent" **with** "Any variations arising due to technical factors must be consistent".

12. **Part 2 is amended by adding the following sections after section 2.8:**

2.9 Chief Executive Officer

Paragraph 2.1(3)(e) of *NI 51-101* requires a *reporting issuer* to file a report in accordance with *Form 51-101F3* that is executed by the chief executive officer. The term "chief executive officer" should be read to include the individual who has the responsibilities normally associated with this position or the person who acts in a similar capacity. This determination should be made irrespective of an individual's corporate title and whether that individual is employed directly or acts pursuant to an agreement or understanding.

2.10 Reporting Issuer Not a Corporation

If a *reporting issuer* is not a corporation, a report in accordance with *Form 51-101F3* must be executed by the persons who, in relation to the *reporting issuer*, are in a similar position or perform similar functions to the persons required to execute under paragraph 2.1(3)(e) of *NI 51-101*..

13. **Subsection 5.2(5) is amended by adding the following after the second paragraph:**

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 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)..

14. **Section 5.3 is replaced by 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 applicable categories and terminology set out in the *COGE Handbook*. The definitions of 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* or 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*.

Reserves can be characterized as *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 indicate whether they are *proved*, *probable* or *possible reserves*.

Reporting issuers that disclose *resources* other than *reserves* must identify those *resources* as *discovered* or *undiscovered resources* except in exceptional circumstances where the most specific category is *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place*, in which case the reporting issuer must comply with subsection 5.16(3) of *NI 51-101*.

For further guidance on disclosure of *reserves* and of *resources* other than *reserves*, see sections 5.2 and 5.5 of this Companion Policy..

15. **Section 5.4 is amended by removing “;” after “(filing Form 51-101” and replacing it with “, or” and by removing “;” and identifying the report in the news release referred to in section 2.2”.**

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

17. **Subsection 5.5(1) is replaced by 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 literature¹ on the subject.

¹ For example, Determination of Oil and Gas Reserves, Monograph No. 1, Chapter 22, Petroleum Society of CIM, Second Edition 2004. (ISBN 0-9697990-2-0) Newendorp, P., & Schuyler, J., 2000, Decision Analysis for Petroleum Exploration, Planning Press, Aurora, Colorado (ISBN 0-9664401-1-0). Rose, P. R., Risk Analysis and Management of Petroleum Exploration Ventures, AAPG Methods in Exploration Series No. 12, AAPG (ISBN 0-89181-062-1) .

18. **Subsection 5.5(2) is amended by replacing** “if a *reporting issuer* discloses an aggregate *resource* estimate (or associated value) referred to in subsection 5.9(2) of *NI 51-101*, the issuer must ensure that any aggregation of *properties* occurs within the most specific category of *resource* classification as required by paragraph 5.9(2)(b). A *reporting issuer* cannot aggregate *properties* across different categories of *resources* if a *resource* estimate referenced in subsection 5.9(2) is disclosed.” **with the following:**

the convenience of aggregating *properties* will not justify disclosure of *resources* in a category or subcategory less specific than would otherwise be possible, and required to be disclosed by subsection 5.3(1) of *NI 51-101*..

19. **Paragraph 5.5(3)(a) is amended by**

- (a) **replacing** “In addition, pursuant” **with** “Pursuant”,
- (b) **deleting** “and paragraph 5.9(2)(b)”, **and**

(c) *replacing* “paragraph 5.9(2)(b)” *with* “subsection 5.3(1)”.

20. *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* 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*.

In addition to disclosing the most specific category of *resource*, the *reporting issuer* may disclose *total petroleum initially-in-place*, *discovered petroleum initially-in-place* or *undiscovered petroleum initially-in-place* estimates provided that the additional disclosure required by subsection 5.16(3) of *NI 51-101* is included..

21. *Paragraph 5.5(3)(c) is amended by*

(a) *replacing* “5.9(2)(c)(v)” *with* “5.9(2)(d)(v)” *wherever it occurs*,

(b) *replacing* “5.9(2)(c)(iii)” *with* “5.9(2)(d)(iii)”,

(c) *replacing* “5.9(2)(c)” *with* “5.9(2)(d)”.

22. *Part 5 is amended by adding the following section after section 5.9:*

5.9.1 Summation of *Resource* Categories

An estimate of quantity or an estimate of value constitutes a summation, disclosure of which is prohibited by subsection 5.16(1) of *NI 51-101*, if that estimate reflects a combination of estimates, known or available to the *reporting issuer*, for two or more of the subcategories enumerated in that provision. There may be circumstances in which a disclosed estimate was arrived at in accordance with the *COGE Handbook* without combining,

and without the *reporting issuer* knowing or having access to, estimates in two or more of those enumerated categories. Disclosure of such an estimate would not generally be considered to constitute a summation for purposes of that provision..

23. ***Subsection 5.10(2) is amended by replacing “5.9 and 5.10” with “5.9, 5.10 and 5.16”.***
24. ***Appendix 1 is amended by replacing “supplemental” with “supplementary” wherever it occurs.***
25. ***These amendments become effective on December 30, 2010.***