

The Ontario Securities Commission

OSC Bulletin

September 26, 2003

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The Ontario Securities Commission Administers the Securities Act of Ontario (R.S.O. 1990, c.S.5) and the Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

The Ontario Securities Commission

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

SEPTEMBER 26, 2003

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar	—	ST
Wendell S. Wigle, Q. C.	—	WSW

SCHEDULED OSC HEARINGS

DATE: TBA **Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

DATE: TBA **Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation**

s. 127

E. Cole in attendance for Staff

Panel: TBA

October 1, 2003 **Marlene Berry et al**

2:00 p.m. s. 127

T. Pratt in attendance for Staff

Panel: HLM/RWD

October 7 to 10, 2003 **Gregory Hyrniw and Walter Hyrniw**

s. 127

10:00 a.m.

Y. Chisholm in attendance for Staff

Panel: HLM/KDA/ST

October 20 to November 7, 2003 **M.C.J.C. Holdings Inc. and Michael Cowpland**

10:00 a.m. s. 127

M. Britton in attendance for Staff

Panel: WSW/PKB/RWD

November 3-10,
12 and 14-21,
2003

10:00 a.m.

**Patrick Fraser Kenyon Pierrepont
Lett, Milehouse Investment
Management Limited, Pierrepont
Trading Inc., BMO Nesbitt
Burns Inc.*, John Steven Hawkyard*
and John Craig Dunn**

s. 127

K. Manarin in attendance for Staff

Panel: HLM/MTM/ST

* BMO settled Sept. 23/02
+ April 29, 2003

February 19, 2004 **ATI Technologies Inc., Kwok Yuen**
to March 10, 2004 **Ho, Betty Ho, JoAnne Chang, David
Stone, Mary de La Torre, Alan Rae
and Sally Daub**

s. 127

M. Britton in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

**Buckingham Securities Corporation, Lloyd Bruce,
David Bromberg, Harold Seidel, Rampart
Securities Inc., W.D. Latimer Co. Limited,
Canaccord Capital Corporation, BMO Nesbitt
Burns Inc., Bear, Stearns & Co. Inc., Dundee
Securities Corporation, Caldwell Securities
Limited and B2B Trust**

**Global Privacy Management Trust and Robert
Cranston**

Philip Services Corporation

Robert Walter Harris

Andrew Keith Lech

S. B. McLaughlin

**Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb,
Gordon Eckstein, Robert Topol**

**1.1.2 Notice of Minister of Finance Approval of Final
Rule Under the Securities Act – National
Instrument 51-101 Standards of Disclosure for
Oil and Gas Activities, Form 51-101F1
Statement of Reserves Data and Other Oil and
Gas Information, Form 51-101F2 Report on
Reserves Data by Independent Qualified
Reserves Evaluator or Auditor, Form 51-101F3
Report of Management and Directors on Oil
and Gas Disclosure and Companion Policy
51-101CP**

**NOTICE OF MINISTER OF FINANCE APPROVAL OF
FINAL RULE UNDER THE SECURITIES ACT –
NATIONAL INSTRUMENT 51-101 STANDARDS OF
DISCLOSURE FOR OIL AND GAS ACTIVITIES, FORM
51-101F1 STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION, FORM 51-101F2
REPORT ON RESERVES DATA BY INDEPENDENT
QUALIFIED RESERVES EVALUATOR OR AUDITOR,
FORM 51-101F3 REPORT OF MANAGEMENT AND
DIRECTORS ON OIL AND GAS DISCLOSURE AND
COMPANION POLICY 51-101CP**

On September 2, 2003, the Minister of Finance approved National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (the "National Instrument") and Form 51-101F1, Form 51-101F2 and Form 51-101F3 (the "Forms"). Previously, materials related to the National Instrument, the Forms and 51-101CP (the "Companion Policy") were published in the Bulletin in January 25, 2002, January 24, 2003 and on July 18, 2003. The National Instrument, the Forms and the Companion Policy will come into effect on September 30, 2003.

The Commission is publishing the National Instrument, Forms and Companion Policy in Chapter 5 of this issue of the OSC Bulletin. These will also be published in the Ontario Gazette on October 11, 2003.

1.3 News Releases

1.3.1 CSA News Release - Regulators Report on Industry's Straight-Through Processing Readiness

Released: September 19, 2003

REGULATORS REPORT ON INDUSTRY'S STRAIGHT-THROUGH PROCESSING READINESS

Calgary – The Canadian Securities Administrators (CSA) released a report today on market participants' readiness to process securities transactions in a fully automated environment rather than through multi-step manual processes. The findings are the result of an online survey of Straight-Through Processing (STP) readiness carried out last May.

Overall, the report shows that a slight majority (52%) of participants feel that their organization is prepared or somewhat prepared for STP, while 34% feel that they are unprepared or somewhat unprepared and 15% don't know.

However, the report also shows that the assessment by firms finding themselves prepared is not supported by the responses to many of the specific quantitative 'progress' questions. In fact, 55% of those organizations who feel prepared reported no STP-related spending in 2002. A significant number of firms also showed no expenditures planned for 2003 and 2004, which appears to be at odds with the degree of STP processing currently being reported.

"Achieving STP readiness industry-wide by mid 2005 is a lengthy and complex undertaking that requires that firms plan and budget activities several years in advance of the deadline," said Stephen Sibold, Chair of the CSA. "The apparent disconnect between firms' self-assessments of their readiness and the actual level of preparations they have underway suggests that we need to take a closer look at industry's state of readiness."

The regulators will consult industry stakeholders to determine the reasons behind the gap between the perceived state of STP readiness and actual state of STP processing. As well, staff will conduct a separate survey with key infrastructure participants, including custodians, transfer agents, exchanges, clearing agencies and third party service providers. The results of the infrastructure survey should shed further light on the overall state of STP preparedness.

Several survey questions dealt with the degree of automation for various functions within the organization (such as securities lending) and with other organizations (such as confirming and affirming a trade). Many functions were found to require manual processing and a significant percentage of institutional and retail transactions was found not to be fully automated. This finding is consistent with a separate question that indicates a high percentage of debt, equity and mutual fund transactions that require manual intervention in the trade settlement cycle.

"Industry's commitment to STP is key for us to be able to seamlessly pass financial information electronically, on a system-to-system basis, to all parties in a transaction without manual handling or redundant processing," added Mr. Sibold. "We encourage industry firms to continue to analyse their respective STP needs and to begin building the infrastructure they need to be able to seamlessly communicate with their industry peers."

The CSA survey was designed to assess industry's preparedness for STP. Specific objectives included assessing the current commitment of industry resources to STP as well as providing a baseline against which to measure progress towards STP through subsequent surveys. Survey participants included investment counsel/portfolio managers, limited market dealers, investment dealers, mutual fund dealers and mutual funds.

The CSA, a council of the 13 securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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Territories
Tony Wong
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tony_wong@gov.nt.ca

**1.3.2 OSC Continues Temporary Order Against
Brian Anderson et al.**

**FOR IMMEDIATE RELEASE
September 18, 2003**

**OSC CONTINUES TEMPORARY ORDER
AGAINST BRIAN ANDERSON ET AL**

TORONTO – Today the Commission continued a temporary order in the matter of Brian Anderson et al. The temporary order prohibits the Individual Respondents from trading in the subject securities and from providing certain documents to members of the public. The temporary order originally was made on June 5, 2003.

The Temporary Order, Notice of Hearing and Statement of Allegations may be found on the Commission's web-site at **www.osc.gov.on.ca**.

For Media Inquiries: Eric Pelletier
Manager, Media Relations
416-595-8913

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 SoftKey Software Products Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

Subsection 1(6) of the OBCA – Issuer deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 83.
Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
NOVA SCOTIA, ONTARIO AND QUÉBEC**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
SOFTKEY SOFTWARE PRODUCTS INC.**

MRRS DECISION DOCUMENT

WHEREAS the Canadian Securities regulatory authority or regulator (the Decision Makers) in each of Nova Scotia, Ontario and Québec (the Jurisdictions) has received an application from SoftKey Software Products Inc. (SoftKey) for:

- (i) a decision under the securities legislation of the Jurisdictions (the Legislation) that SoftKey be deemed to cease to be a reporting issuer under the Legislation; and
- (ii) in Ontario only, an order that SoftKey be deemed to cease to be offering its securities to the public under the *Business Corporations Act* (Ontario) (the OBCA);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the System), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS SoftKey has represented to the Decision Makers that:

1. SoftKey is a corporation continued under the laws of the Province of Ontario pursuant to an arrangement under the OBCA effective February 4, 1994, between SoftKey, WordStar International Incorporated, Spinnaker Software Corporation and SSC Acquisition Corporation.
2. SoftKey is a reporting issuer in the Jurisdictions and is not in default of any requirement under the Legislation.
3. The authorized capital of SoftKey consists of an unlimited number of Class A voting common shares (Class A Shares), an unlimited number of Class B non-voting common shares (Class B Shares) and an unlimited number of exchangeable non-voting shares (the Exchangeable Shares).
4. As of July 30, 2003, there were issued and outstanding (a) 3,761,741 Class A Shares, (b) 21,267,633 Exchangeable Shares, and (c) one Class B Share.
5. All of the outstanding Class A Shares, Exchangeable Shares and the one outstanding Class B Share are owned indirectly by Mattel, Inc. or its affiliates.
6. Other than the Class A Shares, Exchangeable Shares and the Class B Shares, SoftKey has no other securities, including debts securities, outstanding.
7. SoftKey does not have any securities that trade on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.
8. SoftKey will not be a reporting issuer in any jurisdiction in Canada immediately following the granting of the Decision (as defined below) by the Decision Makers.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (the Decision);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION OF the Decision Makers under the Legislation is that SoftKey be deemed to cease to be a reporting issuer under the Legislation;

September 16, 2003.

"Charlie MacCready"

AND IT IS FURTHER ORDERED by the Ontario Securities Commission under subsection 1(6) of the OBCA that SoftKey is deemed to have ceased to be issuing its securities to the public for purposes of the OBCA.

September 16, 2003.

"Paul Moore"

"Robert L. Shirriff"

2.1.2 PrimeWest Energy Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Open-end investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unitholders under a distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust, subject to certain conditions – first trade relief provided for additional units of trust, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53 and 74(1).

Applicable Multilateral Instruments

Multilateral Instrument 45-102 Resale of Securities, (2001) 24 OSCB 7029.

Applicable National Instruments

National Instrument 14-101 Definitions, (2002) 25 OSCB 8461.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
AND PRINCE EDWARD ISLAND**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
PRIMEWEST ENERGY TRUST**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) has received an application from PrimeWest Energy Trust (the Trust) for a decision, pursuant to the securities legislation of the Jurisdictions (the Legislation), that the requirements contained in the Legislation to be registered to trade in a security (the Registration Requirement) and to file and obtain a receipt for a preliminary prospectus and a final prospectus (the Prospectus Requirement) shall not apply to certain trades in trust units of The Trust issued pursuant to a distribution reinvestment plan;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the System), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or in Quebec Securities Commission Notice 14-101;

AND WHEREAS the Trust has represented to the Decision Makers that:

1. The Trust is an open-end investment trust created under the laws of Alberta pursuant to a declaration of trust dated August 2, 1996, as amended and restated November 6, 2002 (the Declaration of Trust);
2. Computershare Trust Company of Canada is the trustee of the Trust (in such capacity, the Trustee) and PrimeWest Energy Inc. (PrimeWest) is the authorized attorney of the Trust;
3. The principal undertaking of the Trust is to acquire and hold, directly and indirectly, interests in petroleum and natural gas properties and assets related thereto. The Trust's primary asset is a royalty entitling the Trust to receive 99% of the net cash flow generated by the petroleum and natural gas interest held by PrimeWest, after certain costs, expenditures and deductions (Distributable Income);
4. Under the Declaration of Trust, the Trust is authorized to issue an unlimited number of transferable, non-redeemable trust units (Trust Units), of which there were 46,120,145 Trust Units outstanding as at August 31, 2003;
5. Each Trust Unit represents an equal fractional undivided beneficial interest in the net assets of the Trust, and entitles its holder (a Unitholder) to one vote at meetings of Unitholders and to participate equally with respect to any and all distributions made by the Trust, including distributions of net income and net realized capital gains, if any;
6. The Trust has been a reporting issuer, or the equivalent, in each of the Jurisdictions since 1996 and is not in default of any requirement under the Legislation;
7. The Trust is a qualifying issuer within the meaning of Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102);
8. The Trust Units are listed and posted for trading on the Toronto Stock Exchange (the TSX) under the symbol PWI.UN and on the New York Stock Exchange under the symbol PWI;
9. Under the Declaration of Trust, each month the Trust distributes to Unitholders the Distributable Income generated during the previous month;
10. The Trust is not a mutual fund as defined in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by references to the value of a proportionate interest in the whole or in part of the net assets of the Trust as contemplated by the definition of mutual fund contained in the Legislation;
11. The Trust currently has in place a distribution reinvestment and optional Trust Unit purchase plan (the Old DRIP) which enables eligible Unitholders who elect to participate in the Old DRIP to direct that cash distributions paid on their existing Trust Units (Cash Distributions) be automatically applied to the purchase of additional Trust Units (DRIP Units) from treasury (the Reinvestment Option);
12. The Old DRIP also entitles Unitholders who have elected to participate in the Reinvestment Option to make, at their discretion, additional cash payments (Optional Cash Payments) which are invested in additional DRIP Units on the same basis as distributions are reinvested pursuant to the Reinvestment Option (the Cash Payment Option);
13. At the time the Old DRIP was implemented, the Trust obtained exemptive relief from the Registration Requirement and Prospectus Requirement in those Jurisdictions in which such relief was necessary;
14. The Trust intends to establish a new Premium DRIP which will retain the Reinvestment Option and Cash Payment Option but will also enable eligible Unitholders who decide to reinvest Cash Distributions to authorize and direct Computershare Trust Company of Canada, in its capacity as agent under the Plan (or such other trust company that is appointed agent under the Plan) (in such capacity, the Plan Agent), to pre-sell through a designated broker (the Plan Broker), for the account of the Unitholders who so elect, that number of Trust Units equal to the number of DRIP Units issuable on such reinvestment, and to settle such pre-sales with the DRIP Units issued on the applicable distribution payment date in exchange for a cash payment equal to 102% of the reinvested Cash Distributions (the Premium Distribution Option). The Plan Broker will be entitled to retain for its own account the difference between the proceeds realized in connection with the pre-sales of such Trust Units and the cash payment to the Plan Agent equal to 102% of the reinvested Cash Distributions;

15. The Cash Payment Option will only be available to Unitholders that have elected to have their Cash Distributions reinvested in DRIP Units under either the Reinvestment Option or Premium Distribution Option (Participants). In addition, PrimeWest shall have the right to determine from time to time whether the Cash Payment Option will be available;
16. The Premium DRIP will supercede the Old DRIP. All Unitholders who are enrolled in the Old DRIP at the time that the Premium DRIP becomes effective will, subject to any contrary elections made by such Unitholders, be automatically enrolled in the Reinvestment Option of the Premium DRIP;
17. All DRIP Units purchased under the Premium DRIP will be purchased by the Plan Agent directly from the Trust on the relevant distribution payment date at a price determined by reference to the Average Market Price (defined in the Plan as the arithmetic average of the daily volume weighted average trading prices of the Trust Units on the TSX for the trading days starting on the second business day following the distribution record date and ending on the second business day immediately prior to the distribution payment date on which at least a board lot of Trust Units was traded, such period not to exceed 20 trading days);
18. DRIP Units purchased under the Reinvestment Option, the Premium Distribution Option or the Cash Payment Option will be purchased at a 5% discount to the Average Market Price;
19. The Plan Broker's *prima facie* return under the Premium Distribution Option will be approximately 3% of the reinvested Cash Distributions (based on pre-sales of Trust Units having a market value of approximately 105% of the reinvested Cash Distributions and a fixed cash payment to the Plan Agent, for the account of applicable Participants, of an amount equal to 102% of the reinvested Cash Distributions). The Plan Broker may, however, realize more or less than this *prima facie* amount, as the actual return will vary according to the prices the Plan Broker is able to realize on the pre-sales of Trust Units. The Plan Broker bears the entire risk of adverse changes in the market, as Participants who have elected the Premium Distribution Option are assured a cash payment equal to 102% of the reinvested Cash Distributions;
20. All activities of the Plan Broker on behalf of the Plan Agent that relate to pre-sales of Trust Units for the account of Participants who elect the Premium Distribution Option will be in compliance with applicable Legislation and the rules and policies of the TSX (subject to any exemptive relief granted). The Plan Broker will also be a member of the Investment Dealers Association of Canada, and will be registered under the Legislation of any Jurisdiction where the first trade in DRIP Units pursuant to the Premium Distribution Option makes such registration necessary;
21. The Premium DRIP will not be available to Unitholders who are residents of the United States;
22. Participants who choose to participate in the Premium DRIP may elect either the Reinvestment Option or the Premium Distribution Option in respect of their Cash Distributions at their sole option, and are free to terminate their participation under either option, or to change their election, in accordance with the terms of the Premium DRIP;
23. Under the Reinvestment Option, Cash Distributions will be paid to the Plan Agent and applied by the Plan Agent to the purchase of DRIP Units, which will be held under the Premium DRIP for the account of the appropriate Participants who have elected to participate in that component of the Premium DRIP;
24. Under the Premium Distribution Option, Cash Distributions will be paid to the Plan Agent and applied by the Plan Agent to the purchase of DRIP Units for the account of the appropriate Participants who have elected to participate in that component of the Premium DRIP, but the DRIP Units purchased thereby will be automatically transferred to the Plan Broker to settle pre-sales of Trust Units made by the Plan Broker on behalf of the Plan Agent for the account of such Participants in exchange for a cash payment equal to 102% of the reinvested Cash Distributions;
25. Under the Cash Payment Option, a Participant may, through the Plan Agent, purchase DRIP Units up to a stipulated aggregate maximum dollar amount per year of \$100,000 and subject to a minimum amount per remittance of \$100. The aggregate number of DRIP Units that may be purchased under the Cash Payment Option by all Participants in any financial year of the Trust will be limited to a maximum of 2% of the number of Trust Units issued and outstanding at the start of the financial year;
26. No brokerage fees or service charges will be payable by Participants in connection with the purchase of DRIP Units under the Premium DRIP;
27. DRIP Units purchased under the Premium DRIP will be credited to a Participant's account, and all Cash Distributions on Trust Units enrolled in the Premium DRIP will be automatically reinvested in DRIP Units under the Reinvestment Option or exchanged for a cash payment under the Premium Distribution Option, as applicable, in

- accordance with the terms of the Premium DRIP and the current election of that Participant;
28. Depending on the policies of a Participant's broker, investment dealer, financial institution or other nominee through which the Participant holds its Trust Units, in the case of beneficial Unitholders, the Premium DRIP permits full investment of reinvested Cash Distributions and Optional Cash Payments because fractions of Trust Units, as well as whole Trust Units, may be credited to Participants' accounts;
 29. PrimeWest reserves the right to determine for any distribution payment date how many DRIP Units will be available for purchase under the Premium DRIP;
 30. If, in respect of any distribution payment date, fulfilling all of the elections under the Premium DRIP would result in the Trust exceeding either the limit on DRIP Units set by PrimeWest or the aggregate annual limit on DRIP Units issuable pursuant to the Cash Payment Option, then elections for the purchase of DRIP Units on the next distribution payment date will be accepted: (i) first, from Participants electing the Reinvestment Option; (ii) second, from Participants electing the Premium Distribution Option; and (iii) third, from Participants electing the Cash Payment Option. If the Trust is not able to accept all elections in a particular category, then purchases of DRIP Units on the next distribution payment date will be pro rated among all Participants in that category according to the number of DRIP Units sought to be purchased;
 31. If PrimeWest determines that no DRIP Units will be available for purchase under the Premium DRIP for a particular distribution payment date, then all Participants will receive the Cash Distribution announced by the Trust for that distribution payment date;
 32. A Participant may terminate its participation in the Premium DRIP at any time by providing written notice to the Plan Agent, or in the case of a beneficial Unitholder, by providing written notice to their investment advisor or broker. A termination form received on or after the distribution record date will become effective after the distribution payment date to which such record date relates;
 33. The Trust reserves the right to amend, suspend or terminate the Plan at any time, provided that such action shall not have a retroactive effect which would prejudice the interests of the Participants. The Trust will notify Unitholders of any such amendment, suspension or termination in accordance with the Premium DRIP and applicable securities law requirements;

34. The distribution of DRIP Units by the Trust pursuant to the Premium DRIP cannot be made in reliance on existing exemptions from the Registration Requirement and Prospectus Requirement contained in the Legislation as the Premium DRIP involves the reinvestment of distributions of Distributable Income of the Trust and not the reinvestment of dividends, interest or distributions of capital gains or out of earnings or surplus;
35. The distribution of DRIP Units by the Trust pursuant to the Premium DRIP may not be permitted to be made in reliance on exemptions from the Registration Requirement and Prospectus Requirement contained in the Legislation for distribution reinvestment plans of mutual funds, as the Trust is not a mutual fund as defined in the Legislation;

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the Decision);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

1. the Registration Requirement and Prospectus Requirement contained in the Legislation shall not apply to trades by the Trust of DRIP Units for the account of Participants pursuant to the Premium DRIP, provided that:
 - 1.1 at the time of the trade the Trust is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;
 - 1.2 no sales charge is payable by Unitholders in respect of the trade;
 - 1.3 the Trust has caused to be sent to the person or company to whom the DRIP Units are traded, not more than 12 months before the trade, a statement describing:
 - 1.3.1 their right to withdraw from the Premium DRIP and to make an election to receive cash instead of DRIP Units on the making of a distribution of income by the Trust (the Withdrawal Right); and
 - 1.3.2 instructions on how to exercise the Withdrawal Right; and

- 1.4 the aggregate number of DRIP Units issued under the Cash Payment Option of the Premium DRIP in any financial year of the Trust shall not exceed 2% of the aggregate number of Trust Units outstanding at the start of that financial year;
2. the first trade of the DRIP Units acquired under this Decision shall be deemed to be a distribution or a primary distribution to the public under the Legislation; and
3. the Prospectus Requirement contained in the Legislation shall not apply to the first trade of DRIP Units acquired by Participants under this Decision, provided that:
 - 3.1 except in Québec, the conditions in subsection 2.6(3) of MI 45-102 are satisfied; and
 - 3.2 in Québec:
 - 3.2.1 at the time of the first trade the Trust is a reporting issuer in Québec and has been a reporting issuer in Québec for the 12 months immediately preceding the first trade and is not in default of any of the requirements of the Legislation in Québec;
 - 3.2.2 no unusual effort is made to prepare the market or to create a demand for the DRIP Units;
 - 3.2.3 no extraordinary commission or consideration is paid to a person or company other than the vendor of the DRIP Units in respect of the trade; and
 - 3.2.4 the vendor of the DRIP Units, if in a special relationship with the Trust, has no reasonable grounds to believe that the Trust is in default of any requirement of the Legislation.

September 16, 2003.

"Paul M. Moore"

"H. Lorne Morphy"

2.1.3 ONTZINC Corporation - s. 9.1 of OSC Rule 61-501

Headnote

Rule 61-501 – Related party transactions – acquisition of mineral property by Issuer. Pursuant to acquisition agreement Issuer must assume certain liabilities on closing. Issuer obtaining loan to cover liabilities. Pursuant to loan agreement, lender requiring personal guarantee of President of Issuer. President proposing that in consideration of providing guarantee, mineral property be individually owed as to 51% by him, and 49% by Issuer, with Issuer maintaining an option to acquire 26% ownership from Issuer for 2 year period. A majority of the minority shareholders have expressed support for the transaction and will consent to the transaction in writing.

Rule Cited

Rule 61-501 – Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 5.5, 5.6(17), 5.7, and 9.1.

IN THE MATTER OF ONTARIO SECURITIES COMMISSION RULE 61-501 ("RULE 61-501")

AND

IN THE MATTER OF ONTZINC CORPORATION

DECISION (Section 9.1 of Rule 61-501)

UPON the application of ONTZINC Corporation (the "Issuer") to the Director of the Ontario Securities Commission pursuant to section 9.1 of Rule 61-501 for a decision exempting the Issuer from the minority approval requirement set forth in section 5.7 of Rule 61-501 in connection with a proposed related party transaction with Clifford Frame ("Mr. Frame");

AND UPON considering the application and the recommendation of staff of the Commission;

AND UPON the Issuer having represented to the Director as follows:

1. The Issuer is a corporation existing under the laws of the Province of Ontario. The Issuer is a reporting issuer in the Provinces of Alberta, British Columbia, Ontario and Quebec and is not in default under the securities legislation of any of these jurisdictions.
2. The authorized capital of the Issuer consists of an unlimited number of common shares (the "Common Shares") without par value and an unlimited number of preference shares (the "Preference Shares") without par value, issuable in series, of which 99,042,659 Common Shares

and no Preference Shares are issued and outstanding. The Common Shares are listed for trading on the TSX Venture Exchange ("TSXV").

3. Pursuant to an amended and restated asset purchase agreement dated as of June 10, 2003 (the "Acquisition Agreement") by and between St. Lawrence Zinc Company ("St. Lawrence"), a corporation related to the Issuer, and ZCA Mines, Inc. ("ZCA"), St. Lawrence has agreed to purchase all of the real property assets (including real property leases), equipment and supplies of ZCA located in St. Lawrence and Franklin Counties, New York (collectively, the "Balmat Mine") from ZCA for consideration of US\$20,000,000. The purchase price is payable out of 30% of net cash flow from the operations after allowing for reasonable capital and exploration expenditures of St. Lawrence in connection with the Balmat Mine. In the event of the price of zinc equaling or exceeding US\$0.70 per pound over 24 consecutive months, the purchase price will be increased by US\$5,000,000. The Acquisition Agreement was approved by the United States Bankruptcy Court for the Southern District of New York on June 10, 2003.
4. Pursuant to the Acquisition Agreement, St. Lawrence shall, at the Closing (as defined in the Acquisition Agreement), assume and/or perform the Assumed Liabilities (as defined in the Acquisition Agreement), which include, a US\$1,000,000 environmental bond (the "Bond"), all debts, obligations, commitments and liabilities arising out of or directly relating to the ownership and operation of the Balmat Mine after Closing and any liabilities relating to the reclamation of the Hyatt and Edwards Mines and the No. 2 Mine and Mill, and the completion and acceptance by the New York Department of Environmental Conservation of the reclamation currently under way at the Pier Point Mine.
5. St. Lawrence has concluded that it requires approximately US\$5.1 million to enable it to carry the costs of the Balmat Mine for a two year period following the Closing.
6. In order to meet these anticipated financial requirements, St. Lawrence entered into an agreement dated August 14, 2003 (the "Loan Agreement") with Kennedy Funding, Inc. ("Kennedy") for a US\$5.1 million loan from Kennedy to St. Lawrence. Pursuant to the Loan Agreement, Kennedy is requiring a personal guarantee of Mr. Frame, President of the Issuer. In addition, Mr. Frame has advanced US\$1,000,000 to St. Lawrence to cover the cost of the Bond.
7. In consideration of providing his personal guarantee, Mr. Frame has proposed that St.

Lawrence would initially be owned 51% by Frame Mining Company ("Frameco"), a corporation wholly owned by Mr. Frame, and 49% by Balmat Holding Corp. ("Balmat"), a company which would be wholly-owned by the Issuer. The Issuer's ownership of St. Lawrence would increase to 75% (prior to any further financings) upon the Issuer repaying to Mr. Frame US\$1,200,000 in connection with the Bond and the release of Mr. Frame's personal guarantee. In addition, the Issuer has the option of increasing its ownership of St. Lawrence to 100% upon making a US\$800,000 payment to Frameco.

8. The acquisition of the Balmat Mine (including the proposed ownership structure of the Balmat Mine) and the completion of the transaction contemplated by the Loan Agreement (collectively, referred to as the "Transaction") are subject to a number of conditions including, without limitation, the approval of all applicable regulatory authorities.
9. Mr. Frame is a "related party" to the Issuer in accordance with the definition contained in Rule 61-501. Mr. Frame is an officer and director of the Issuer and holds, directly and indirectly, 6,487,703 common shares in the capital of the Issuer, representing approximately 6.55% of the Issuer's issued and outstanding shares. In addition, Catherine Frame, Mr. Frame's spouse holds 17,384,985 common shares in the capital of the Issuer representing approximately 17.55% of the Issuer's issued and outstanding shares. Therefore, the Transaction will be a "related party transaction" under Rule 61-501.
10. At a meeting of the board of directors of the Issuer (the "Board") held on July 15, 2003, the Board appointed a committee of independent directors (the "Independent Committee") consisting of two independent directors of the Issuer. The Independent Committee has reviewed the Transaction and recommended approval of the Transaction. Upon the recommendation of the Independent Committee, the Board (with Mr. Frame abstaining from voting) has considered and approved the Transaction.
11. The Board, acting in good faith, has determined that the terms of the Transaction are not less advantageous to the Issuer than if the Transaction was with a party dealing at arm's length with the Issuer.
12. Upon final regulatory approval, including approval by the TSXV, the Issuer will disclose the details of the Transaction in a press release and in a material change report (the "Disclosure Document"). The Disclosure Document will, among other things, include a summary of the

formal valuation of the Transaction that the Issuer has obtained for the Transaction.

13. It is expected that a majority of the Shareholders who deal at arm's length with Mr. Frame (the "Outside Shareholders") will provide their written consent (the "Consent") to the Transaction. None of the Outside Shareholders are participating in the Transaction. Since the Outside Shareholders who intend to provide written consents to the Transaction own more than 50% of the Common Shares held by all minority shareholders, approval of the Transaction by a majority of the minority shareholders at a shareholders' meeting would be a foregone conclusion.
14. The Issuer shall send a copy of the Disclosure Document to each Outside Shareholder.
15. The Consent will describe the relevant details of the Transaction and include an acknowledgment by each Outside Shareholder that the Disclosure Document provided by the Issuer describes the Transaction in sufficient detail to allow the Outside Shareholder to make an informed decision.

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

IT IS DECIDED by the Director pursuant to section 9.1 of Rule 61-501 that the Issuer shall not be subject to the minority approval requirement in section 5.7 of Rule 61-501 in connection with the Transaction, provided that:

- (a) the Outside Shareholders consent in writing to the Transaction which consent must contain an acknowledgement that they are aware of the terms of the Transaction and must be filed with the Director; and
- (b) the Issuer complies with the other applicable provisions of Rule 61-501.

September 19, 2003.

"John Hughes"

2.1.4 Canaccord Capital Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - the Filer wishes to act as a direct underwriter in future distributions made under a prospectus where a specified issuer is the issuer or a selling securityholder in the distribution - specified issuer owns more than 20% of the outstanding voting and equity securities of the parent of the Filer with the result that the specified issuer is a "related issuer" of the Filer under NI 33-105 - relief granted from the independent underwriter requirement contained in NI 33-105 subject to conditions.

Applicable Rules

National Instrument 33-105 Underwriting Conflicts.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, ONTARIO,
QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND, NEWFOUNDLAND AND
LABRADOR, NORTHWEST TERRITORIES,
NUNAVUT AND YUKON**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CANACCORD CAPITAL CORPORATION

MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon (the "Jurisdictions") has received an application from Canaccord Capital Corporation (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that section 2.1(2)(b) of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105") and sections 236.1 and 236.2 of the regulation to the *Securities Act* (Québec) (collectively, the "Independent Underwriter Requirements") shall not apply to the Filer in certain circumstances;
2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;

3. **AND WHEREAS**, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;
4. **AND WHEREAS** the Filer has represented to the Decision Makers that:
 1. its head office is located in Vancouver, British Columbia;
 2. it is a wholly owned subsidiary of Canaccord Holdings Ltd. ("Canaccord Holdings");
 3. the Filer is a member of the Investment Dealers Association of Canada and is registered to trade in securities under the Legislation;
 4. Manufacturers Life Insurance Company ("Manulife") owns more than 20% of the outstanding voting and equity securities of Canaccord Holdings on a fully diluted basis and as a result the Filer and Manulife are "related issuers" under NI 33-105;
 5. the Independent Underwriter Requirements prohibit the Filer from acting as a direct underwriter in a distribution made under a prospectus where a related issuer is the issuer or a selling securityholder in the distribution;
 6. NI 33-105 provides an exemption from the Independent Underwriter Requirements where at least one registrant acting as direct underwriter acts as principal, so long as an independent underwriter underwrites not less than the lesser of (A) 20% of the dollar value of the distribution, and (B) the largest portion of the distribution underwritten by a registrant that is not an independent underwriter, or each registrant acting as direct underwriter acts as agent and is not obligated to act as principal, so long as an independent underwriter receives a portion of the total agents' fees equal to an amount not less than the lesser of (A) 20% of the total agents' fees for the distribution, and (B) the largest portion of the agents' fees paid or payable to a registrant that is not an independent underwriter;
 7. the Filer wishes to act as a direct underwriter in future distributions made under a prospectus where Manulife is the issuer or a selling securityholder in the distribution (each a "Future Offering");
8. the Filer anticipates that an independent underwriter participating in each Future Offering may not be able to satisfy the requirements of the NI 33-105 exemption set out in paragraph 6 of this Decision, and in those cases, without the relief requested, the Filer would be unable to participate as a direct underwriter in a Future Offering;
5. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
6. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
7. **THE DECISION** of the Decision Makers is that the Filer is not required to comply with the Independent Underwriter Requirements in connection with a Future Offering provided that:
 1. the prospectus or other disclosure document prepared in connection with the Future Offering complies with section 2.1(1) of NI 33-105;
 2. the prospectus or other disclosure document prepared in connection with the Future Offering complies with the requirements of section 2.1(3)(b) of NI 33-105;
 3. the issuer of the securities under the Future Offering for which Manulife is the selling securityholder is not in any financial difficulty;
 4. independent underwriters will collectively underwrite a portion of the Future Offering greater than the portion underwritten by the Filer;
 5. the only financial benefits which the Filer will receive as a result of its participating in the Future Offering are the normal arm's length underwriting commission and reimbursement of expenses associated with a public offering in Canada; and

6. the Filer does not participate in the decision to make the Future Offering or in the determination of the terms of the Future Offering or the use of proceeds (except in the indirect circumstance where a lead underwriter enters into arrangements on behalf of underwriters that ultimately would be part of the underwriting syndicate of which the Filer becomes a part).

August 19, 2003.

“Brenda Leong”

2.1.5 Qwest Energy RSP/Flow-Through Limited Partnership - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from registration and prospectus requirements for trades of warrants to a limited partnership and first trades of those warrants by the limited partnership to its limited partners – first trade of securities acquired deemed a distribution unless certain conditions in Multilateral Instrument 45-102 are satisfied – previous decision revoked and replaced.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53 and 74(1).

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND ONTARIO

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF QWEST ENERGY RSP/FLOW-THROUGH LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the “Jurisdictions”) has received an application from Qwest Energy RSP/Flow-Through Limited Partnership (“Qwest”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the registration requirement and prospectus requirement in the Legislation (the “Registration and Prospectus Requirements”) do not apply, in British Columbia, Alberta, Saskatchewan and Manitoba, to the acquisition of Warrants (defined below) by Qwest (the “Warrant Acquisitions”) or, in each of the Jurisdictions, to the first trade of Warrants by Qwest to the limited partners (the “Limited Partners”) of Qwest (the “Non-Exempt Trades”);

AND WHEREAS Qwest previously received relief from the Registration and Prospectus Requirements for the Warrant Acquisitions and the first trade of Warrants in a decision document dated June 20, 2003 (the “Previous Decision”), granted by the Decision Makers in British Columbia, Alberta, Manitoba and Ontario under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”);

AND WHEREAS Qwest has also applied for a decision under the Legislation revoking the Previous Decision;

AND WHEREAS under the System, the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

AND WHEREAS Qwest has represented to the Decision Makers that:

1. Qwest is a limited partnership formed under the laws of British Columbia on December 30, 2002 under the *Partnership Act* (British Columbia) to achieve capital appreciation for its Limited Partners primarily by investing in a diversified portfolio of options, warrants or similar rights to purchase flow-through shares issued by resource issuers whose principal business is oil and gas/mineral exploration, development and/or production or energy generation;
2. Qwest's head office is located in British Columbia;
3. Qwest is authorized to issue an unlimited number of limited partnership units (the "Units"), of which one Unit is currently issued and outstanding;
4. Qwest is not currently a reporting issuer or the equivalent in any jurisdiction in Canada;
5. Qwest Energy RSP/Flow-Through Management Corp. (the "General Partner") is the general partner of Qwest and manages the business and affairs of Qwest;
6. Qwest wishes to conduct a financing in the Jurisdictions by way of private placement using an offering memorandum;
7. in traditional flow-through limited partnership unit offerings ("Traditional Flow-Through Offerings"), a limited partnership is organized to invest in flow-through shares issued by resource issuers which are listed on a Canadian stock exchange and whose principal business is oil and gas/mineral exploration, development and/or production or energy generation; such Traditional Flow-Through Offerings are usually blind pool offerings;
8. following the first closing of a Traditional Flow-Through Offering, the limited partnership will enter into agreements to subscribe for common shares from the treasury of one or more resource issuers ("Resource Cos") under flow-through investment subscription agreements (the "Flow-Through Agreements"); under the Flow-Through Agreements, each Resource Co in question will typically incur and renounce Canadian Exploration

Expense ("CEE") or Canadian Development Expense ("CDE") to the partnership in an amount equal to the subscription price of the Resource Co's common shares; that CEE and CDE is then flowed through the partnership to the limited partner investors;

9. Traditional Flow-Through Offerings commonly provide that the general partner will propose a liquidity mechanism to the limited partners, at a special meeting to be held approximately 24 months after closing of an initial public offering; such liquidity mechanisms typically involve terminating the partnership after exchanging partnership assets for securities of a mutual fund corporation or other investment vehicle on a tax-deferred basis;
10. if the limited partners do not pass an extraordinary resolution to exchange the partnership's assets for the securities of a mutual fund corporation or other investment vehicle on a tax-deferred basis, the limited partners receive a *pro rata* share of the net assets of the partnership, including the common shares of Resource Cos held by the partnership;
11. in the flow-through offering structure proposed by Qwest (the "Proposed Flow-Through Offering"), an additional investment in a single-purpose financing vehicle will be added to the Traditional Flow-Through Offering structure, and the limited partnership will be dissolved sooner than is the case with Traditional Flow-Through Offerings;
12. investors who have passed a credit evaluation will have the opportunity to first make an RRSP or RRIF-eligible investment in bonds issued by a single-purpose financing entity, Qwest Energy RSP/Flow-Through Financial Corp. ("Financial Corp."), a wholly-owned subsidiary of a TSX Venture Exchange listed company, Knightswood Financial Corp.;
13. accordingly, an investor, his or her registered retirement savings plan ("RRSP"), his or her registered retirement income fund ("RRIF") or the RRSP or RRIF of the investor's spouse or child, as applicable, will purchase bonds of Financial Corp. maturing on December 31, 2012 which bear cumulative interest at a rate of approximately 5% per annum (the "Bonds"); the Bonds will initially be sold by way of private placement using an offering memorandum in each of the Jurisdictions;
14. Financial Corp. will then loan (a "Loan") the net proceeds from each investor's or RRSP's or RRIF's purchase of Bonds to that investor (an "RRSP Investor"); each Loan will bear interest at a fixed cumulative interest rate of approximately 7.5% per annum and repayment of principal will be due on December 31, 2012; each Loan will be secured by a pledge of Units of Qwest acquired by the RRSP Investor (with proceeds from the Loan)

- and any Warrants, Flow-Through Shares or Mutual Fund Shares (as defined below) registered in the name of the RRSP Investor along with the RRSP Investor's interest in the Investment Portfolio (as defined below) at any time before or after Qwest's dissolution;
15. RRSP Investors will be required by the terms of the Loan to purchase Units of Qwest;
 16. the Units will be sold by way of private placement using an offering memorandum; in addition to being sold to RRSP Investors, Units will also be sold to conventional purchasers of Flow-Through Shares, other than RRSP Investors, although these purchasers will not receive the same overall tax benefit as an RRSP Investor who has invested in Bonds or whose beneficially-owned RRSP or RRIF or whose spouse's or child's beneficially-owned RRSP or RRIF, as applicable, has invested in Bonds; the net proceeds of the offering of Units (the "Funds") will be deposited in a bank account of the General Partner;
 17. the limited partnership agreement (the "Partnership Agreement") governing Qwest will:
 - (a) include standard provisions governing the formation of Qwest; capital; investment objectives, strategy and guidelines; liabilities of partners; and function and powers of the partners;
 - (b) require Qwest to be dissolved, without any approval or other action by the Limited Partners on December 31, 2003, or such earlier date on which Qwest disposes of all of its assets, or a date authorized by an extraordinary resolution of the Limited Partners;
 - (c) provide that on dissolution of Qwest, any Warrants (as defined below) to purchase flow-through shares of Resource Cos registered in the name of Qwest will be distributed among the former Limited Partners of Qwest *pro rata*;
 - (d) grant to the General Partner an irrevocable power of attorney, which will survive the dissolution of Qwest, to exercise Warrants to purchase flow-through shares of Resource Cos on behalf of the former holders of Units and enter into Investment Agreements (as defined below) with Resource Cos; and
 - (e) grant the General Partner the authority, which will survive the dissolution of Qwest, as agent for each Limited Partner, to direct payment of the Funds to Resource Cos upon exercise of Warrants to purchase flow-through
- shares of Resource Cos by the Limited Partners;
18. certificates representing the Units issued and registered in the name of an RRSP Investor will be delivered to and held by or on behalf of Financial Corp. as security for that RRSP Investor's Loan under the terms of a pledge contained in the Loan documentation;
 19. from time to time throughout 2003, Qwest, as principal, will then enter into agreements to subscribe for warrants, rights or options (the "Warrants") issued by Resource Cos to purchase their flow-through shares (and possibly other incidental securities, such as share purchase warrants that are comprised in a unit with a flow-through share) (collectively, the "Flow-Through Shares") from treasury; Qwest will pay nominal consideration to each Resource Co in consideration for the issuance of these Warrants;
 20. Qwest anticipates that the Warrants will be issued under the registration and prospectus exemptions contained in the Legislation applicable to purchases of securities made by "accredited investors" in Ontario;
 21. as a "non-redeemable investment fund", Qwest cannot rely on the accredited investor exemption in Multilateral Instrument 45-103 *Capital Raising Exemptions* in British Columbia, Alberta, Saskatchewan or Manitoba to acquire the Warrants;
 22. the Warrants will:
 - (a) set the exercise price to purchase the Flow-Through Shares, based on negotiation between the General Partner and the Resource Cos;
 - (b) be exercisable for a brief period of time (not to exceed 30 days);
 - (c) be transferable to the Limited Partners of Qwest at any time during their term;
 - (d) be distributable on the dissolution of Qwest among the former Limited Partners of Qwest;
 - (e) in the case of Warrants distributed to RRSP Investors, be pledged to Financial Corp. as security for Loans and documentation evidencing these Warrants will be held by Financial Corp.;
 - (f) require the execution of an Investment Agreement (defined below) by the Resource Cos and the General Partner, as attorney for each of the Limited Partners, at the time of exercise of the

Warrants and before the issuance of the Flow-Through Shares to the Limited Partners;

23. the Investment Agreement and the Warrants will require that the Resource Cos use not less than 70% of the proceeds received by them on the purchase of the Flow-Through Shares following the exercise of the Warrants to incur CEE or qualifying CDE, and to use the remainder of the proceeds to incur non-qualifying CDE, which will be renounced to the holders of the Flow-Through Shares effective on December 31, 2003;
24. the Loan documentation between Financial Corp. and each RRSP Investor will require each RRSP Investor's Warrants (and any Flow-Through Shares received on exercise thereof or Mutual Fund Shares (as defined below) registered in the name of the RRSP Investor along with the RRSP Investor's interest in the Investment Portfolio (as defined below)) to be pledged as security for his or her Loan; the documents evidencing the Warrants will be held by Financial Corp. as security for each RRSP Investor's Loan; the share certificates representing the Flow-Through Shares or any other interest in the Investment Portfolio (as defined below) will be held by an escrow agent (the "Escrow Agent"), which will be a Trust Company, for the benefit of the Limited Partners; the escrow agreement governing the conduct of the Escrow Agent will provide that if an RRSP Investor defaults on his or her Loan and fails to rectify the default within 15 days of receiving notice of such default, the Escrow Agent will release such RRSP Investor's Flow-Through Shares and other interest in the Investment Portfolio to Financial Corp. to allow for execution against such pledged security;
25. throughout 2003, the Resource Cos who grant Warrants to Qwest will require funding; accordingly, it will become appropriate for the Warrants to be exercised and Flow-Through Shares purchased with some of the Funds; Qwest will distribute from the Funds the exercise price of the Warrants to the Limited Partners *pro rata*; such Funds will be held by the General Partner as agent on behalf of the Limited Partners;
26. the General Partner, acting on behalf of the Limited Partners, will notify the Resource Cos that the Limited Partners have elected to exercise their Warrants to purchase Flow-Through Shares and, as attorney on behalf of each Limited Partner, will enter into subscription agreements (the "Investment Agreements") with Resource Cos, under which each Limited Partner, in his or her personal capacity and not in his or her capacity as Limited Partner, will exercise and subscribe for Flow-Through Shares issued by the Resource Cos under the terms of each Limited Partner's Warrants; the Investment Agreements will contain

the same terms as are included in conventional flow-through share subscription agreements, including the requirement for the Resource Cos to use not less than 70% of the proceeds received by them from the purchase of the Flow-Through Shares to incur CEE or qualifying CDE and to use the remainder of the proceeds to incur non-qualifying CDE, which will be renounced to the holders of the Flow-Through Shares effective on December 31, 2003;

27. concurrently with the execution of the Investment Agreements, the General Partner, as agent for each Limited Partner, will direct payment to the Resource Cos of the exercise price for the Flow-Through Shares from the Funds; certificates representing Flow-Through Shares will be issued and registered in the names of the Limited Partners (or in the name of the Escrow Agent for the benefit of the Limited Partners) and the General Partner will pay to each Resource Co the exercise price for these Flow-Through Shares from the Funds on behalf of the Limited Partners;
28. the Flow-Through Shares issued and registered in the name of each RRSP Investor (or in the name of the Escrow Agent for the benefit of each RRSP Investor) will be held by the Escrow Agent under an escrow agreement until the earlier of a Liquidity Transaction (as defined below) and December 31, 2005; thereafter, any Flow-Through Shares, any portion of the Investment Portfolio or any Mutual Fund Shares registered in the name of each RRSP Investor (or in the name of the Escrow Agent for the benefit of each RRSP Investor) will be released by the Escrow Agent to Financial Corp. and held by Financial Corp. as security for that RRSP Investor's Loan under the terms of a pledge contained in the Loan documentation;
29. Flow-Through Shares issued and registered in the names of Limited Partners other than RRSP Investors will be delivered to and physically held by the Escrow Agent for the benefit of each such Limited Partner, under an escrow agreement, until the earlier of a Liquidity Transaction (as defined below) and December 31, 2005; thereafter, certificates and funds in the non-RRSP Investor's Investment Portfolio will be released by the Escrow Agent to the non-RRSP Investors;
30. some of the Flow-Through Shares will be qualified by a prospectus and, therefore will be freely tradeable; however, some of the Flow-Through Shares (the "Restricted Flow-Through Shares") may be issued on a private placement basis and accordingly subject to hold periods;
31. shortly before December 31, 2003, Qwest will be dissolved; it is anticipated that all Warrants will have been transferred to the Limited Partners and exercised and the vast majority of the Funds will

- have been expended to purchase Flow-Through Shares before the dissolution of Qwest;
32. immediately before the dissolution, any remaining Funds will be distributed by Qwest to the Limited Partners *pro rata* in proportion to the number of Units held by each Limited Partner;
 33. the portfolio of Flow-Through Shares issued and registered in the name of each former Limited Partner (or in the name of the Escrow Agent for the benefit of such former Limited Partner) and any other securities or cash obtained with any proceeds from the sale of such Flow-Through Shares or such other securities (the "Investment Portfolio") will be held by the Escrow Agent and will be managed on an ongoing basis by a registered portfolio manager;
 34. the Escrow Agent will be granted the contractual discretion by the former Limited Partners to sell Flow-Through Shares (respecting any seasoning periods attached thereto) and other securities comprising the former Limited Partner's Investment Portfolio and to reinvest the net proceeds from such dispositions in securities of resource issuers whose principal business is oil and gas, mining, certain energy production, pulp and paper, forestry, or a related resource business, such as a pipeline or service company or utility on the directions of a registered portfolio manager;
 35. on or about February 28, 2005, the General Partner may make a proposal to former Limited Partners to provide for liquidity and long-term growth of capital, which may involve exchanging each former Limited Partner's Investment Portfolio for shares ("Mutual Fund Shares") of a mutual fund corporation or other investment vehicle on a tax-deferred basis (a "Liquidity Transaction"); any such liquidity rollover will be subject to obtaining all necessary regulatory approvals and must occur on or before June 30, 2005; each former Limited Partner may elect whether or not to exchange their Investment Portfolio for such Mutual Fund Shares;
 36. on December 31, 2012, the Loans will become due; the Loans, however, may also be repaid in full on the last day of each month beginning on June 30, 2005 and ending on November 30, 2012 upon written notice given no later than the 15th day of such month and no earlier than 60 days prior to the last day of such month; upon repayment in full of each Loan, the certificates and Funds in the RRSP Investors' Investment Portfolio or Mutual Fund Shares held by or on behalf of Financial Corp. as security for the Loan will be released to the appropriate RRSP Investor; for RRSP Investors who have repaid the Loan in full but who did not elect to participate in a Liquidity Transaction, the earliest date that the release will occur will be December 31, 2005;
 37. the principal received by Financial Corp. from repayment of the Loans will be distributed to owners of Bonds as a repayment of principal and it is anticipated that Financial Corp. will wind-up within the six months after repayment of the Bonds;
 38. for tax purposes, in order to allow the full amount of the renounced CEE and qualifying CDE to be available to the RRSP Investors, the Limited Partners must be the persons who exercise the Warrants and acquire the Flow-Through Shares, rather than Qwest itself; accordingly, for tax purposes, the Warrants must be transferred to the RRSP Investors before they are exercised;
 39. Qwest cannot rely on the registration and prospectus exemptions in the Legislation relating to the distribution of securities as part of a winding-up to distribute all of the Warrants to the Limited Partners because the formal winding-up of Qwest is not scheduled to occur until the end of December of 2003; Qwest could structure the Proposed Flow-Through Offering to include multiple limited partnerships that could be wound-up whenever Warrants had to be distributed; however, this would increase administrative time, expense and complexity and the likelihood of investor confusion;
 40. due to the structure of the Proposed Flow-Through Offering, the Flow-Through Shares will be subject to contractual restrictions on transfer by the Limited Partners until at least June 30, 2005, restrictions that are similar to those that would typically occur in Traditional Flow-Through Offerings;
- AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
- AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- THE DECISION** of the Decision Makers under the Legislation is that the Registration and Prospectus Requirements do not apply:
- (a) in British Columbia, Alberta, Saskatchewan and Manitoba, to the Warrant Acquisitions, and
 - (b) to the Non-Exempt Trades
- provided that the first trade in a Warrant (other than a Non-Exempt Trade) or a Restricted Flow-Through Share issued upon exercise of a Warrant

is deemed to be a distribution unless the conditions in sections 2.5(2) and (3) of MI 45-102 *Resale of Securities* are satisfied.

THE FURTHER DECISION of the Decision Makers in British Columbia, Alberta, Manitoba and Ontario is that the Previous Decision is revoked.

September 15, 2003.

"Derek E. Patterson"

2.1.6 Alcan Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Applications – Canadian offeror making a take-over bid of a French company - offeree issuer under no obligation to disclose a list of its registered shareholders, so that offeror is unable to determine the number of Ontario holders or percentage of securities held by Ontario holders – believed to be 76 Ontario holders having a *de minimis* number of offeree securities– offer made in compliance with federal securities laws of the United States - bid exempted from requirements of Part XX, subject to certain conditions. Offeror may include new listing and supplemental listing statements in offering documents.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 38(3), 93(1)(e), 95-100 and 104(2)(c).

(TRANSLATION)

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
THE PROVINCES OF
QUEBEC, ONTARIO, BRITISH COLUMBIA,
ALBERTA, MANITOBA, NOVA SCOTIA
AND NEWFOUNDLAND AND LABRADOR**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
ALCAN INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Quebec, Ontario, British Columbia, Alberta, Manitoba, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Alcan Inc. (the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") (a) exempting the unsolicited tender offer (the "Offer") of the Applicant for all the issued and outstanding common shares of Pechiney, the Bonus Allocation Rights of Pechiney, the American Depository Shares of Pechiney ("Pechiney ADS"), the OCEANES (*obligations à option de conversion en actions nouvelles et / ou d'échange en actions existantes*) of Pechiney (collectively the "Pechiney Securities") from (i) the prospectus and registration requirements of the Legislation (in applicable Jurisdictions) and (ii) the take-over bid requirements of the legislation and (b) authorizing the Applicant to include in the documentation relating to the Offer, statements to the effect

that the Applicant will apply to list Alcan Common Shares (defined below) on Euronext Paris and that Alcan will also apply for the supplemental listing of the Alcan Common Shares to be issued in connection with the Offer on the New York, Toronto, London and Swiss Exchanges (except for British Columbia);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the *Commission des valeurs mobilières du Québec* is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 – *Definitions* or in Quebec Commission Notice 14-101;

AND WHEREAS the Applicant has represented to the Decision Makers that:

- (a) the head office of the Applicant is located in Montreal, Quebec;
- (b) the Applicant is a company incorporated under the laws of Canada;
- (c) the Applicant is a reporting issuer in good standing in all Provinces and Territories of Canada;
- (d) the authorized capital of the Applicant consists of an unlimited number of common shares (the "Alcan Common Shares") and an unlimited number of preference shares issuable in series (the "Alcan Preference Shares") of which 321,739,502 Alcan Common Shares were outstanding and 5,700,000 Series C, and 3,000,000 Series E, redeemable non retractable Alcan Preference Shares were outstanding as of the close of business on June 30, 2003.
- (e) the common shares of the Applicant are listed on the New York Stock Exchange, the Toronto Stock Exchange, the London Stock Exchange and the SWX Swiss Exchange;
- (f) Pechiney is incorporated under the laws of France and its head office is located in Paris, France;
- (g) Pechiney does not have a reporting issuer or equivalent status in any of the Provinces du Canada;
- (h) according to Pechiney Notice No. 203 C0962 addressed to the *Conseil des Marchés Financiers* (the "CMF") and dated June 26, 2003, there were 82,622,783 Common shares of Pechiney outstanding. According to the 2002 Annual Report of Pechiney filed with the *Commission des opérations de bourse* (the "COB") on March 19, 2003, there were 7,908,636 OCEANES outstanding. According to the Pechiney notice addressed to Euronext Paris No 2003-1572 dated

May 28, 2003, there were 1,091,040 Bonus Allocation Rights outstanding.

- (i) Pechiney Common Shares, Pechiney Bonus Allocation Rights and Pechiney OCEANES are listed on Euronext Paris and Pechiney ADS are listed on the New York Stock Exchange;
- (j) the Applicant has announced its plan to launch the Offer on July 7, 2003;
- (k) the Offer consists of 60% in cash and 40% in new Alcan Common Shares. The main characteristics of the Offer include:
 - Principal mixed offer: € 123 in cash and 3 Alcan Common Shares for every 5 Pechiney Common Shares or every 50 Pechiney Bonus Allocation Rights or every 10 Pechiney ADS;
 - Subsidiary cash offer: € 41 per each Pechiney Common Share or each 2 Pechiney ADS or € 4.1 in cash for each Pechiney Bonus Allocation Right;
 - Subsidiary share offer: 3 Alcan Common Shares for every 2 Pechiney Common Shares or each 20 Pechiney Bonus Allocation Rights or each 4 Pechiney ADSs;
 - These two subsidiary offers will need to respect the final portion of 60% in cash and 40% in Alcan Common Shares;
 - Cash offer on OCEANES: € 81.70 in cash for each OCEANE.
- (l) under the Legislation of the Jurisdictions, every person intending to make a distribution of securities, as the Applicant who is offering Alcan Common Shares, shall prepare a prospectus and shall be registered as a dealer;
- (m) under the Legislation of the Jurisdictions of Ontario, Nova Scotia, Alberta, Manitoba and Newfoundland and Labrador, a trade in security of an issuer that is exchanged with the security holders in connection with a take-over bid or an exempt take-over bid, as is the case in connection with the Offer, is automatically exempted from the prospectus and registration requirements;
- (n) under the Legislation of the Jurisdictions of Quebec and British Columbia only the trade in securities in connection with take-over bids that are exempt from the Take-Over Bid Requirements (as defined below) pursuant to specific provisions of the relevant Legislation are exempt from the prospectus and registration requirements;

- (o) the Applicant can not rely on specific provisions and is seeking discretionary relief from the Take-Over Bid Requirements (as explained below), therefore it is also seeking discretionary relief from the prospectus and registration requirements under the Legislation of the Jurisdictions of Quebec and British Columbia;
- (p) the preliminary Prospectus includes a section ("Listing of Alcan Common Shares") where it is stated that: "Alcan will apply to list its Alcan Common Shares on Euronext Paris, subject to the successful completion of the Offers. Alcan will also apply for the supplemental listing of the Alcan Common Shares to be issued in these offers on the New York, Toronto, Paris, London and Swiss stock exchanges";
- (q) under the Legislation of the Jurisdictions, except British Columbia which provides a blanket permission, it is an offence, to declare that the security will be listed or that an application will be made, except with the express authorization of the Decision Makers;
- (r) the Offer will be made through two separate offers : (i) a U.S. offer open to all holders of Pechiney securities who are located in the United States and Canada, and (ii) a French offer open to all holders of Pechiney securities who are located inside France and outside of France (except in the United States and Canada) if, pursuant to the local laws and regulations applicable to such holders, they are permitted to participate in the French offer.
- (s) the U.S. offer will be in compliance with the federal securities laws of the United States of America;
- (t) the Applicant will file a registration statement on form S-4 (the "Prospectus") with the Securities and Exchange Commission ("SEC") and the Offer will be made to holders of Pechiney securities once Alcan has received the following authorizations :
 - (i) approval decision of the CMF, which was obtained on July 16, 2003;
 - (ii) review of Offer documentation by the COB and SEC; and
 - (iii) approval decision made by French Ministry of Economy, Industry and Finance, which was obtained on September 5, 2003.
- (u) the Applicant has filed with the SEC on July 7, 2003, a preliminary Prospectus;
- (v) the Applicant anticipates that the Offer will be open for acceptance in the third quarter of 2003;
- (w) the Prospectus discloses all information required under Federal securities laws of the United States including information as to (i) Alcan, (ii) Pechiney, (iii) the reasons for the Offer, (iv) the Terms of the Offer, and (v) Financial Information.
- (x) the Offer constitutes a take-over bid as defined in the Legislation and is therefore subject to the take-over bid requirements set out in the Legislation (the "Take-Over Bid Requirements") unless otherwise exempt from those Take-Over Bid Requirements pursuant to (i) specific provisions of the Securities Act or (ii) discretionary relief from statutory requirements granted by the Decision Maker in each Applicable Province.
- (y) an offerer may use the exemption prescribed by the Securities Act (the "De Minimis Exemption") in order to be relieved from the Take-Over Bid Requirements where :
 - (i) the number of holders in the Applicable Province of securities of the class subject to the bid is fewer than 50;
 - (ii) the securities held by such holders constitute, in the aggregate, less than 2% of the outstanding securities of that class;
 - (iii) the bid is made in compliance with the laws of a jurisdiction recognized by the securities regulatory authority in the Applicable Province; and
 - (iv) all material relating to the bid that is sent by the offeror to holders of securities of the class that is subject to the bid is concurrently sent to all holders in the Jurisdiction of such securities and filed with the securities regulatory authority in the Applicable Province.
- (z) Pechiney securities may be registered in the name of the holder or in the name of a nominee. Pechiney has no obligation to disclose the list of its registered security holders and the Applicant was not able to obtain such a list;
- (aa) according to the information that the Applicant was able to obtain, there are 254 holders who reside in the Jurisdictions and they hold, in the aggregate, 0.20% of the outstanding Pechiney securities, of these holders of Pechiney securities; 142 (holding 0.17% of Pechiney securities outstanding) are resident in the Province of Quebec, 76 (holding 0.02% of Pechiney securities outstanding) are resident in the Province of Ontario, 15 are resident in the Province of British Columbia, 10 are resident in the Province of Alberta, 2 are resident in the Province of Manitoba, 3 are resident in the Province of Nova Scotia and 6 are resident in the Province of Newfoundland and Labrador;

- (bb) the Applicant cannot rely on the De Minimis Exemption because the Applicant cannot determine with absolute certainty the number of holders of Pechiney securities resident in the Jurisdictions or the percentage of Pechiney securities held by residents of the Jurisdictions and because there are more than 50 holders of Pechiney securities in the Province of Quebec and in the Province of Ontario;
- (cc) holders of Pechiney securities resident in the Jurisdictions will be treated equally with other holders of Pechiney securities;
- (dd) the Prospectus and all other documentation sent to holders of Pechiney securities who reside in the United States will concurrently be sent to all identified holders of Pechiney securities who reside in the Jurisdictions and be filed with the securities regulatory authority in the Jurisdictions;
- (ee) identified holders of Pechiney who reside in Quebec will be provided concurrently with a summary in French of the Prospectus;
- (ff) the Applicant will issue a press release and place an advertisement in an English newspaper and a French newspaper of general circulation in Canada advising of the Offer, describing its principal terms and conditions and describing how holders of Pechiney Securities can obtain copies of the Prospectus.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Applicant is exempt from: (a) in the Jurisdictions of Quebec and British Columbia, the prospectus and registration requirements and (b) the take-over bid requirements of the Legislation in connection with the Offer, provided that the Applicant complies with the following conditions: (i) the Offer and any amendments thereto are made in compliance with the laws of the United States (ii) all material relating to the Offer sent by or on behalf of Alcan to holders of Pechiney securities resident in the United States be sent concurrently to all identified holders of Pechiney securities who reside in the Jurisdictions and be filed with the securities regulatory authority in the Jurisdictions (iii) in the case of the identified holders of Pechiney securities who reside in the Province of Quebec, a summary in French of the Prospectus be sent concurrently to such holders, and (iv) a press release be issued and an advertisement be placed in an English newspaper and a French newspaper of general circulation in Canada advising of the Offer, describing its principal terms and conditions and describing how holders of

Pechiney Securities can obtain copies of the Prospectus. The Decision Makers (except for the Decision Maker of British Columbia) also authorize the Applicant to include in the documentation relating to the Offer, statements to the effect that the Applicant will apply to list Alcan Common Shares on Euronext Paris and that Alcan will also apply for the supplemental listing of the Alcan Common Shares to be issued in connection with the Offer on the New York, Toronto, London and Swiss Exchanges.

September 19, 2003.

"Mark M. Rosenstein"

"Jean-Marie Gagnon"

2.1.7 Leroux Steel Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has four security holders as a result of a take-over bid - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions and Rules

Securities Act, R.S.O. 1990, c. S.5, as am. s. 83.
National Instrument 21-101 Marketplace Operation, (2001) 24 OSCB 6591.

IN THE MATTER OF THE SECURITIES LEGISLATION OF QUÉBEC AND ONTARIO

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF LEROUX STEEL INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Québec and Ontario (the "Jurisdictions") has received an application from Leroux Steel Inc. ("Leroux") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Leroux be deemed to have ceased to be a reporting issuer under the Legislation;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the *Commission des valeurs mobilières du Québec* is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS Leroux has represented to the Decision Makers that:

1. Leroux was incorporated, in April of 1928, under Part 1 of the *Companies Act* (Québec) (the "QCA") under the corporate name of André Leroux et Fils Limitée. In 1980, Leroux changed its corporate name to Acier Leroux inc. .
2. Leroux's head office is located in Boucherville (Québec).

3. Leroux is a reporting issuer in Québec and Ontario and is not in default of any of the requirements of the Legislation.
4. As at March 18, 2003, there were 3,550,567 Class A multiple voting shares of Leroux issued and outstanding (the "Class A Shares") and as at July 3, 2003, there were 7,279,446 Class B subordinate voting shares of Leroux issued and outstanding (the "Class B Shares" and together with the Class A Shares, the "Leroux Shares").
5. Furthermore, on July 21, 1994, Leroux issued \$8,158,000 aggregate principal amount of 8% unsecured subordinated debentures maturing on August 4, 2004 (the "8% Debentures"). On May 16, 1996, Leroux issued \$19,000,000 aggregate principal amount of 7.25% unsecured subordinated debentures maturing on May 29, 2006 (the "7.25% Debentures" and together with the 8% Debentures, the "Leroux Debentures"). As at March 18, 2003, there were \$7,658,800 aggregate principal amount of 8% Debentures and \$11,184,500 aggregate principal amount of 7.25% Debentures outstanding.
6. On May 14, 2003, Russel Metals Inc. and its wholly owned subsidiary Russel Acquisition Inc. (collectively, the "Offerors"), made an offer to purchase all the Leroux Shares and the Leroux Debentures (the "Offer"). The compulsory acquisition was exercised on August 19, 2003, all the Leroux Shares not tendered to the take-over bid were acquired by Russell Metals Inc. who became, directly or indirectly, the sole shareholder of Leroux.
7. The Leroux Shares were delisted from trading on the Toronto Stock Exchange on July 25, 2003 and are no longer listed on any stock exchange or traded over the counter in Canada or elsewhere.
8. The Leroux Debentures not tendered under the Offer were redeemed on August 27, 2003 and are held now by Russel Acquisition Inc and two beneficial holders.
9. Other than the Class A Shares and the Class B Shares owned by Russell Metals Inc. and the debentures owned by Russell Acquisition Inc. and two beneficial owners, Leroux has no other securities outstanding.
10. Leroux does not intend to seek public financing by way of an offering of securities.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that

provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that Leroux is deemed to have ceased to be a reporting issuer under the Legislation.

September 12, 2003.

“Stéphanie Lachance”

2.1.8 Defiance Québec Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder as a result of a take-over bid - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions and Rules

Securities Act, R.S.O. 1990, c. S.5, as am. s. 83.
National Instrument 21-101 Marketplace Operation, (2001) 24 OSCB 6591.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUEBEC, ALBERTA, SASKATCHEWAN, ONTARIO,
NEWFOUNDLAND AND LABRADOR AND
NOVA SCOTIA**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
DEFIANCE QUÉBEC INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Québec, Alberta, Saskatchewan, Ontario, Newfoundland and Labrador and Nova Scotia (the “Jurisdictions”) has received an application for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that Defiance Québec Inc. (“Defiance Québec”) be deemed to have ceased to be a reporting issuer under the Legislation;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the *Commission des valeurs mobilières du Québec* is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meanings set out in Québec Commission Notice 14-101 or in National Instrument 14-101 - Definitions;

AND WHEREAS Defiance Québec has represented to the Decision Makers that:

1. Defiance Québec results from the amalgamation of Geomaque Explorations Ltd. and Defiance Acquisition Inc., as part of a corporate restructuring. Defiance Québec is a wholly owned subsidiary of Defiance Mining Corporation (“Defiance Mining”), a reporting issuer listed on The Toronto Stock Exchange.

2. Prior to the Amalgamation, Geomaque was a corporation continued and existing under Part 1A of the *Companies Act* (Québec) with its head office in the Province of Québec.
 3. Geomaque was a reporting issuer or equivalent in the Jurisdictions and was not in default of its requirements under the Legislation.
 4. On June 17, 2003, at their annual and special general meeting, Geomaque shareholders voted in favour of a special resolution approving the amalgamation (the "Amalgamation") of Geomaque with Defiance Acquisition Inc. ("Defiance Acquisition"), a wholly-owned subsidiary of Defiance Mining.
 5. On June 19, 2003, the Québec Superior Court granted a final order approving the Amalgamation.
 6. Articles of Amalgamation were filed with effect from June 25, 2003 (the "Amalgamation Effective Date") and, pursuant to the terms of the Amalgamation and/or by operation of law in the Jurisdictions, the following events (among others) occurred on or about that date:
 - (a) Geomaque and Defiance Acquisition amalgamated and continued as Defiance Québec;
 - (b) Defiance Québec, successor company to Geomaque, became a "reporting issuer" or equivalent in the Jurisdictions in which Geomaque was a reporting issuer (or the equivalent thereof);
 - (c) each issued and outstanding Geomaque common share was converted into 0.125 Defiance Mining common share;
 - (d) the common share of Defiance Acquisition issued to Defiance Mining was converted into one common share of Defiance Québec ;
 - (e) all outstanding warrants of Geomaque (including compensation options and warrants issued by Geomaque to agents in connection with various Geomaque financings) were cancelled and replaced with Defiance Mining warrants exercisable pursuant to their terms to acquire Defiance Mining common shares;
 - (f) all outstanding options of Geomaque were cancelled and replaced with Defiance Mining options to acquire Defiance Mining common shares;
 - (g) as consideration for the issue of the Defiance Mining common shares to effect the Amalgamation, Defiance Québec issued one common share to Defiance Mining for each Defiance Mining common share so issued;
 - (h) a total of 73,306,119 Defiance Mining common shares were issued to effect the Amalgamation; and
 - (i) pursuant to the terms of the Amalgamation, Defiance Québec issued 73,306,119 common shares to Defiance Mining whereupon an aggregate total number of 73,306,120 Defiance Québec common shares were issued and outstanding, all of which are presently held by Defiance Mining.
 7. As a result of the Amalgamation, common shareholders of Geomaque became the common shareholders of Defiance Mining and Defiance Québec, as the successor to Geomaque, became a wholly-owned subsidiary of Defiance Mining.
 8. Other than the 73,306,120 common shares issued to Defiance Mining, Defiance Québec has no other securities, including debt securities, outstanding and Defiance Mining remains the sole holder of Defiance Québec common shares.
 9. No securities of Defiance Québec are traded on a marketplace as defined in National Instrument 21-101.
 10. Defiance Québec is not in default of any of its obligations as a reporting issuer under the Legislation.
 11. Defiance Québec does not intend to seek public financing by way of an offering of its securities.
- AND WHEREAS**, under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
- AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- THE DECISION** of the Decision Makers under the Legislation is that Defiance Québec is deemed to have ceased to be a reporting issuer under the Legislation.
- September 16, 2003.
- "Stéphanie Lachance"

**2.1.9 I.G. Investment Management, Ltd.
- MRRS Decision**

Headnote

Investment by Top Funds in securities of Underlying Funds under common management for specified purpose exempted from the reporting requirements and self-dealing prohibitions of clauses 111(2)(b), 111(3) and clauses 117(1)(a) and (d).

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., 111(2)(b), 111(3), 117(1)(a) and 117(1)(d).

**IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, NEWFOUNDLAND
AND LABRADOR, NOVA SCOTIA, ONTARIO AND
SASKATCHEWAN**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.**

AND

**ALTO CONSERVATIVE PORTFOLIO
ALTO MODERATE CONSERVATIVE PORTFOLIO
ALTO MODERATE PORTFOLIO
ALTO MODERATE AGGRESSIVE PORTFOLIO
ALTO MODERATE AGGRESSIVE
REGISTERED PORTFOLIO
ALTO AGGRESSIVE PORTFOLIO
ALTO AGGRESSIVE REGISTERED PORTFOLIO**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Newfoundland and Labrador, Nova Scotia, Ontario and Saskatchewan (the "Jurisdictions") has received an application from I.G. Investment Management, Ltd. ("IGIM"), the manager of the Top Funds (as hereinafter defined), and the Top Funds for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation (the "Applicable Requirements") shall not apply to the Top Funds or IGIM, as the case may be, in respect of certain investments to be made by a Top Fund in an Underlying Fund (as hereinafter defined):

- A. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an

investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; and

- B. the requirements contained in the Legislation requiring a management company, or in British Columbia, the mutual fund manager, to file a report of every transaction of purchase or sale of securities between the mutual fund and any related person or company or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

AND WHEREAS it has been represented by IGIM to the Decision Makers that:

1. IGIM is a corporation incorporated under the laws of Canada and it (or an affiliate of IGIM) will manage the Top Funds and the Underlying Funds. The head office of IGIM is located in Manitoba.
2. IGIM proposes to establish a new group of mutual funds initially comprised of Alto Conservative Portfolio, Alto Moderate Conservative Portfolio, Alto Moderate Portfolio, Alto Moderate Aggressive Portfolio, Alto Moderate Aggressive Registered Portfolio, Alto Aggressive Portfolio and Alto Aggressive Registered Portfolio to be known as the Alto Portfolios (collectively the "Existing Top Funds"), which will achieve their investment objectives by investing fixed percentages of their respective assets (other than cash) in specified underlying Investors Group mutual funds (the "Existing Underlying Funds"). IGIM may in the future add other mutual funds with investment objectives that include investing in other mutual funds (the "Future Top Funds" and collectively with the Existing Top Funds, the "Top Funds") to the Alto Portfolios group of funds.
3. IGIM may in the future establish other mutual funds (the "Future Underlying Funds" and collectively with the Existing Underlying Funds, the "Underlying Funds") other than the Existing Underlying Funds.

4. Each of the Top Funds is or will be an open-ended investment trust established under the laws of the Province of Manitoba.
 5. Each of the Existing Underlying Funds, other than the Mackenzie Universal U.S. Growth Leaders Fund, is or will be an open-ended investment trust established under the laws of the Province of Manitoba. The Mackenzie Universal U.S. Growth Leaders Fund is an open-ended investment trust established under the laws of the Province of Ontario.
 6. Each of the Top Funds and the Underlying Funds is or will be a reporting issuer in each of the provinces and territories of Canada and is not in default of any of the requirements of the Legislation, and if the Top Funds invest in Future Underlying Funds, the Future Underlying Funds will not be in default of any of the requirements of the Legislation at the time of such investment.
 7. Securities of the Top Funds and the Underlying Funds are or will be qualified for distribution in all of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form or, in the case of the Investors Real Property Fund, a long form prospectus.
 8. In order to achieve the investment objectives of the Top Funds, IGIM, using strategic asset allocation, will invest fixed percentages (the "Fixed Percentages") of the assets of the Top Funds (other than cash and cash equivalents) in securities of specified Underlying Funds, subject to a variation of 2.5% above or below the Fixed Percentages (the "Permitted Ranges") to account for market fluctuations. Investments of each Top Fund will be made in accordance with its fundamental investment objectives.
 9. The simplified prospectus of a Top Fund will disclose the investment objectives, investment strategies, risks and restrictions of the Top Fund and the applicable Underlying Funds, the Fixed Percentages and the Permitted Ranges.
 10. The Fixed Percentages or Underlying Funds disclosed in the simplified prospectus of the Top Fund will not be changed unless the simplified prospectus is amended or a new prospectus is filed and the securityholders of the Top Fund have been given at least 60 days' notice of the change.
 11. The investments by the Top Funds in the Underlying Funds will be without sales or redemption charges and without duplication of management fees.
 12. The Top Funds will not invest in an Underlying Fund with an investment objective which includes investing directly or indirectly in other mutual funds.
 13. The investments by the Top Funds in securities of the Underlying Funds will represent the business judgement of responsible persons (as defined by the Legislation), uninfluenced by considerations other than the best interest of the Top Funds.
 14. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers pursuant to National Instrument 81-102 Mutual Funds ("NI81-102"), the investments by the Top Funds in the Underlying Funds have been or will be structured to comply with the investment restrictions of the Legislation and NI81-102.
 15. In the absence of this Decision, pursuant to the Legislation, each Top Fund is prohibited from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder. As a result, in the absence of this Decision the Top Funds would be required to divest themselves of any such investments.
 16. In the absence of this Decision, the Legislation requires IGIM to file a report on every purchase or sale of securities of an Underlying Fund by a Top Fund.
- AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
- AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- THE DECISION** of the Decision Makers under the Legislation is that the Applicable Requirements shall not apply so as to prevent a Top Fund from making and holding an investment in securities of the Underlying Funds or require IGIM to file a report relating to the purchase or sale of such securities.
- PROVIDED IN EACH CASE THAT:**
1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with matters in section 2.5 of National Instrument 81-102.
 2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in its specified Underlying Funds, the following conditions are satisfied;
 - (a) the securities of both the Top Fund and the Underlying Funds are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form

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| <p>or, in the case of the Investors Real Property Fund, a long form prospectus, which have been filed with and accepted by the Decision Maker;</p> <p>(b) the investment by the Top Fund in the Underlying Funds is compatible with the fundamental investment objectives of the Top Fund;</p> <p>(c) the simplified prospectus discloses the intent of the Top Fund to invest in securities of the Underlying Funds, the names of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which the Fixed Percentages may vary;</p> <p>(d) if the Top Fund invests in the Investors Real Property Fund, the simplified prospectus of the Top Fund discloses the specific risk factors and restrictions associated with investing in the Investors Real Property Fund;</p> <p>(e) the investment objective of the Top Fund discloses that the Top Fund invests in securities of the Underlying Funds;</p> <p>(f) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;</p> <p>(g) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Underlying Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus;</p> <p>(h) if the Top Fund invests in the Investors Real Property Fund, the Fixed Percentage in the Investors Real Property Fund does not exceed 10% of the net assets of the Top Fund;</p> <p>(i) the Top Fund 's holding of securities in the Underlying Funds does not deviate from the Permitted Ranges;</p> <p>(j) any deviation from the Fixed Percentages is caused by market fluctuations only;</p> <p>(k) if an investment by the Top Fund in any of the Underlying Funds has deviated from the Permitted Ranges as a result of market fluctuations, the Top Fund's investment portfolio was re-balanced to comply with the Fixed Percentages on the next day on which the net asset value was calculated following the deviation;</p> | <p>(l) if the Fixed Percentages and the Underlying Funds which are disclosed in the simplified prospectus have been changed, either the simplified prospectus has been amended or a new simplified prospectus filed to reflect the change, and the securityholders of the Top Fund have been given at least 60 days' notice of the change;</p> <p>(m) there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds, excluding the Investors Real Property Fund;</p> <p>(n) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Funds;</p> <p>(o) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;</p> <p>(p) no fees or charges of any sort are paid by the Top Fund or the Underlying Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Funds;</p> <p>(q) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;</p> <p>(r) any notice provided to securityholders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund, has been delivered by the Top Fund to its securityholders;</p> <p>(s) all of the disclosure and notice material prepared in connection with a meeting of securityholders of an Underlying Fund and received by the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying Fund except to the extent the securityholders of the Top Fund have directed;</p> |
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- (t) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of the Top Fund have received appropriate summary disclosure in respect of the Top Fund's holdings of securities of the Underlying Funds in the financial statements of the Top Fund; and
- (u) to the extent that the Top Fund and the Underlying Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Funds, copies of the simplified prospectus and annual information form of the Underlying Funds (or, in the case of Investors Real Property Fund, the long form prospectus) have been provided upon request to securityholders of the Top Fund and this right is disclosed in the simplified prospectus of the Top Fund.

September 23, 2003.

"Paul M. Moore"

"Paul K. Bates"

2.2 Orders

2.2.1 Lake Shore Asset Management Inc. - ss. 38(1) of the CFA

Headnote

Relief from the adviser registration requirement of paragraph 22(1)(b) of the *Commodity Futures Act* (Ontario) (CFA) granted to a non-resident adviser in connection with the proposed advisory services to be provided to a registered commodity trading manager under the CFA, subject to certain terms and conditions, pursuant subsection 38(1) of the CFA.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1) & 38(1).
Securities Act, R.S.O. 1990, c. S.5, as am. - Rule 35-502 – Non Resident Advisers.

IN THE MATTER OF THE COMMODITY FUTURES ACT, RSO. 1990, c. 20

AND

IN THE MATTER OF LAKE SHORE ASSET MANAGEMENT INC.

ORDER (Subsection 38(1))

UPON the application of Lake Shore Asset Management Inc. (Lake Shore) to the Ontario Securities Commission (the Commission) for a ruling under subsection 38(1) of the *Commodity Futures Act*, R.S.O. 1990, c.20 (the CFA) that Lake Shore and its officers are not subject to the requirement of paragraph 22(1)(b) of the CFA;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON Lake Shore having represented to the Commission that:

1. Lake Shore is incorporated under the laws of Illinois and is resident in Illinois. It does not have a place of business in Ontario with partners or officers that are resident in Ontario who act as advisors on its behalf in Ontario;
2. Lake Shore is a commodity trading advisor registered with the Commodity Futures Trading Commission and a member of the National Futures Association in the United States, which permits Lake Shore to advise in respect of future and forward contracts and options on futures and forward contracts in the U.S.;
3. Lake Shore currently acts as an adviser providing discretionary portfolio management services to

Ontario clients of a registered adviser under the CFA, and may in the future act as an adviser by providing such portfolio management services to clients of one or more:

- (a) registered advisers under the CFA, or
- (b) registered brokers and dealers acting as a portfolio adviser pursuant to section 44 of the Regulations to the CFA,

(collectively the Registrants) in Ontario;

4. Lake Shore has entered into a written agreement with a Registrant which sets out the obligations and duties of Lake Shore, and a similar agreement would be entered into with any other Registrants in the future;
5. Lake Shore now provides, and will in the future only provide, discretionary portfolio management services in circumstances where:

- (a) the Registrant has agreed in a document providing rights to the client of the Registrant to be responsible for any loss that arises out of the failure of Lake Shore to:

- (i) exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the client; and
 - (ii) exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances,

(the standard of care), and in providing portfolio management services to the Registrant's clients this responsibility cannot be waived; and

- (b) disclosure is made to Ontario clients of the Registrant that the Registrant is responsible for any loss that arises out of the failure of Lake Shore to meet the standard of care, that there may be difficulty in enforcing legal rights against Lake Shore, and that all or substantially all of Lake Shore's assets are situated outside of Ontario;

AND WHEREAS paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person is registered as an adviser, or is registered as a partner or an officer of a registered adviser and is acting on behalf of a registered adviser, and the registration is in accordance with the CFA and the Regulations;

AND UPON the Commission being satisfied that to make this ruling would not be prejudicial to the public interest;

IT IS RULED, pursuant to subsection 38(1) of the CFA, that Lake Shore and its officers are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of advice provided for the benefit of clients of a Registrant, provided that:

- (a) the obligations and duties of Lake Shore are set out in a written agreement with the Registrant in Ontario;
- (b) the Registrant agrees in a document providing rights to the client of the Registrant to be responsible for any loss that arises out of the failure of Lake Shore to meet the standard of care in providing advice to the client of the Registrant and this responsibility is not waived; and
- (c) a client agreement or offering document discloses that the Registrant is responsible for any loss that arises out of the failure of Lake Shore to meet the standard of care in providing advice to the client of the Registrant and, that there may be difficulty enforcing any legal rights against Lake Shore and all or a substantial portion of Lake Shore's assets are situated outside of Ontario.

and provided that this ruling will terminate three months from the date hereof.

September 16, 2003.

"Paul M. Moore"

"Paul K. Bates"

**2.2.2 Phillips, Hager & North Management Ltd.
- s. 233 of Reg. 1015**

Headnote

Relief from certain conflict provisions in connection with the distribution by a mutual fund dealer, investment counsel and portfolio manager of units of mutual funds which it manages – relief subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as amended.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as amended, ss. 223, 226-228, 233.

**IN THE MATTER OF
REGULATION 1015
R.R.O. 1990, AS AMENDED (the Regulation),
MADE UNDER THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5 (the Act)**

AND

**IN THE MATTER OF
PHILIPS, HAGER & NORTH INVESTMENT
MANAGEMENT LTD.**

**ORDER
(Section 233 of the Regulation)**

UPON the application of Phillips, Hager & North Management Ltd. (the Applicant) to the Ontario Securities Commission (the Commission) pursuant to section 233 of the Regulation for an order that the following conflict provisions contained in sections 223 and 226 to 228 of the Regulation shall not apply to the Applicant in connection with distributing units of mutual funds managed by the Applicant (the Funds):

- (a) the requirements that a registrant prepare a conflict of interest rules statement (or the equivalent) in the required form, revise the conflict statement in the event of any significant change in the information, file the statements with the Commission, and provide its customers and clients with copies of the statements (the Conflicts Statement Requirement);
- (b) the requirement that a registrant send or deliver to its clients a written confirmation of a securities transaction that contains certain disclosure if the security was a security of a related issuer, or in the course of a distribution, a security of a connected issuer, of the registrant (the Trade Confirmation Requirement);

- (c) the requirement that a registrant make certain disclosure to its client if the registrant acts as an adviser in respect of securities of a related issuer, or in the course of a distribution, securities of a connected issuer (the Adviser Disclosure Requirement); and
- (d) the requirement that a registrant make certain disclosure to its client and obtain the requisite specific and informed written consent of its client if a registrant acts as an adviser, exercising discretionary authority with respect to the investment portfolio or account of its client, to purchase or sell securities of a related issuer, or in the course of a distribution, securities of a connected issuer, of the registrant (the Discretionary Management Disclosure Requirement).

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Applicant representing to the Commission that:

1. It is a company organized under the laws of British Columbia.
2. It is registered as an adviser in the categories of investment counsel and portfolio manager in Ontario and in the same or equivalent categories in British Columbia, Alberta, Nova Scotia and Newfoundland and Labrador (the Canadian Jurisdictions), where it has sought similar relief, and is also registered as a dealer in the category of mutual fund dealer in Ontario. It is also a registrant in Québec, where it has determined similar relief is not required.
3. It is the manager, principal portfolio adviser and promoter of the Funds and will be the manager, principal portfolio adviser and promoter of additional Funds which may be established from time to time.
4. Each of the Funds is or will be an open-end mutual fund trust established under the laws of British Columbia and the words "Phillips, Hager & North" are or will be part of the name of each Fund.
5. It manages the majority of its clients' assets on a discretionary basis via investments in the Funds, but may also utilize segregated, separate portfolios of securities for clients.
6. Under a discretionary management agreement, its discretionary account clients specifically authorize the Applicant to invest in the Funds.

7. It may also act as an adviser and where required as a dealer, to clients who have not entered into discretionary management agreements with the Applicant for their investments in one or more Funds.
8. All clients receive written specific disclosure of the relationship between the Applicant and the Funds.
9. It does not and will not act as an adviser, dealer or underwriter in respect of securities of the Applicant or of a related issuer of the Applicant, or in the course of a distribution, in respect of securities of connected issuers of the Applicant other than in connection with the distribution of units of the Funds and the Funds do not hold and will not hold securities of any related issuer of the Applicant, or in the course of a distribution, securities of a connected issuer of the Applicant, other than the securities of another Fund.
10. Each of the Funds may be offered on a continuous basis and will be acquired by residents of Ontario either under a prospectus filed by the Fund or on a private placement basis.
11. It has obtained a similar order in each of the other Canadian Jurisdictions.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED, pursuant to section 233 of the Regulation, that:

- (a) the Applicant is exempt from the Conflicts Statement Requirement;
- (b) the Trade Confirmation Requirement and the Adviser Requirement does not apply to the distribution of the units of the Funds by the Applicant; and
- (c) the Applicant is exempt from the Discretionary Management Disclosure Requirement in respect of the units of the Funds provided the Applicant obtains the client's specific and informed consent to purchase or sell the units of the Funds.

September 16, 2003.

"Paul M. Moore"

"Paul K. Bates"

2.2.3 Brian Anderson et al. - ss. 127(1) and 127(5)

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c.S.5, AS AMENDED**

AND

**IN THE MATTER OF
BRIAN ANDERSON, LESLIE BROWN,
DOUGLAS BROWN, DAVID SLOAN AND
FLAT ELECTRONIC DATA INTERCHANGE
(a.k.a. F.E.D.I.)**

**ORDER
(Subsection 127(1) & 127(5))**

WHEREAS on June 5, 2003, the Commission ordered pursuant to section 127(5) of the *Securities Act* that trading in a seat on the Flat Electronic Data Interchange ("FEDI") by the Respondents cease and that the Respondents not provide to a person or company copies of documents affixed to the order as Schedules "A" to "H";

AND WHEREAS on June 11, 2003, the Ontario Securities Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* wherein Staff of the Commission sought, among other relief, a continuation of the Temporary Order;

AND WHEREAS on June 18, 2003, the Commission heard submissions from Staff and submissions for Counsel for Brian Anderson, Leslie Brown, Douglas Brown and David Sloan (the "Individual Respondents");

AND WHEREAS on June 18, 2003, Staff of the Commission advised that the Respondent FEDI had not been served with the Temporary Order, Notice of Hearing or Statement of Allegations, and were therefore not seeking to extend the temporary order against FEDI;

AND WHEREAS the Individual Respondents and Staff each consented to continue the hearing on July 11, 2003;

AND WHEREAS on July 11, 2003, the Individual Respondents and Staff each consented to continue the hearing on September 15, 2003, or as soon thereafter as a panel could be constituted;

AND WHEREAS thereafter the Secretary notified all parties of a hearing date of September 18, 2003;

AND WHEREAS on August 8, 2003 FEDI was served in New York, New York, with the Notice of Hearing and Statement of Allegations, and were provided with notice of the hearing date of September 18, 2003;

AND WHEREAS no one appeared today on behalf of FEDI, although properly served;

AND WHEREAS the Individual Respondents and Staff each consent to Staff's request, for the purpose of allowing Staff to continue its investigation in this matter, to adjourn the hearing date scheduled for September 18, 2003 and to further continue this Order pending a hearing on the merits of the issue of continuing the Temporary Order;

IT IS THEREFORE ORDERED that the Temporary Order issued June 5, 2003, continued as against the Individual Respondents on June 18, 2003, and continued further on July 11, 2003, be continued until further order of the Commission, following the hearing to commence on or about December 1, 2003, or as soon thereafter as a panel may be constituted.

September 18, 2003.

"H. Lorne Morphy" "Robert Shirriff" "Wendell Wigle"

[Schedules A-H are not reproduced in this publication but can be found in OSC's website at www.osc.gov.on.ca]

**2.2.4 Credit Union Central of British Columbia
- s. 6.1 of OSC Rule 13-502**

Headnote

Calculation of fees payable by credit union pursuant to OSC Rule 13-502 modified, subject to conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.

Rules Cited

Ontario Securities Commission Rule 13-502 – Fees, ss. 2.2, 2.6, 6.1.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5 AS AMENDED**

AND

**IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 13-502
(the Rule)**

AND

**IN THE MATTER OF
CREDIT UNION CENTRAL OF BRITISH COLUMBIA**

**ORDER
(Section 6.1 of the Rule)**

UPON the Director having received an application (the **Application**) from Credit Union Central of British Columbia (**CUCBC**) seeking an order pursuant to Section 6.1 of the Rule to exempt, in part, CUCBC from the requirement to pay the participation fees calculated in the manner prescribed in Section 2.6 of the Rule, subject to conditions;

AND UPON considering the Application and the recommendation of staff to the Commission;

AND UPON CUCBC having represented to the Director that:

1. CUCBC was incorporated on May 27, 1944, under the former *Credit Unions Act* (British Columbia) and is currently governed by the *Credit Union Incorporation Act* (British Columbia) (the **CUIA**). CUCBC is regulated by the Office of the Superintendent of Financial Institutions under the *Cooperative Credit Associations Act* (Canada) (**CCAA**) and by the Financial Institutions Commission under the *Financial Institutions Act* (British Columbia) (**FIA**);
2. The primary business of CUCBC is to provide pooled investment management of the statutory and excess liquidity reserves of the British

Columbia credit union system and to provide payment and settlement services to its member credit unions;

3. None of CUCBC's outstanding securities are traded on a marketplace as defined in National Instrument 21-101;
4. As a result of the filing of a non-offering prospectus dated August 29, 1995, CUCBC became a reporting issuer under the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the **Reporting Provinces**). The purpose of obtaining reporting issuer status was to season CUCBC as a reporting issuer for the one-year period necessary to qualify as a POP issuer under the former National Policy 47 with a view to issuing mid-term notes pursuant to a short-form base shelf prospectus (the **Medium Term Notes**). CUCBC subsequently filed renewal short form base shelf prospectuses in the Reporting Provinces on December 8, 1997, December 10, 1999 and December 21, 2001 respectively. To date, CUCBC has issued Medium Term Notes in the amount of \$59 million pursuant to its \$200 million medium term note program;
5. CUCBC is also authorized to issue unsecured short-term promissory notes (the **Short Term Notes**), currently to a maximum of \$400 million. As at March 31, 2003 the issued and outstanding unsecured short-term promissory notes of CUCBC total \$223 million. Distributions of the Short Term Notes are exempt from the prospectus and registration requirements pursuant to Section 35(2) paragraph 4 and Section 73(1)(a) of the *Securities Act* (Ontario);
6. Other than the Medium Term Notes and the Short Term Notes, the only other outstanding securities of CUCBC are its Class A, B and C shares (collectively, the **Shares**);
7. As of March 31, 2003, CUCBC had 105,478,080 outstanding Class A shares with a par value of \$1.00 per share held by 63 credit unions, 3,700 outstanding Class B shares with a par value of \$1.00 per share held by 37 cooperative associations, and 3,300 Class C shares with a par value of \$1.00 per share held by 33 other organizations;
8. Under the Rules of CUCBC, Class A shares may only be held by members (**Class A Members**) which are credit unions, other than central credit unions, incorporated under the CUIA or predecessor credit union legislation. Issues of Class A shares are exempt from the prospectus and registration requirements pursuant to Sections 46(i) and 75(a) of the *Securities Act* (British Columbia);

9. Under the Rules of CUCBC, Class B shares may only be held by members (**Class B Members**) which are co-operative associations incorporated under the *Cooperative Association Act* (British Columbia) or corporations incorporated under the legislation of British Columbia or any other jurisdiction which, in the opinion of CUCBC's directors, conduct their operations on a co-operative basis and are designated as co-operative associations by the directors for the purposes of membership in CUCBC. Issues of Class B shares are exempt from the prospectus and registration requirements pursuant to Sections 46(i) and 75(a) of the *Securities Act* (British Columbia);
10. Under the Rules of CUCBC, Class C shares may only be held by members (**Class C Members**) which are incorporated organizations other than Class A Members or Class B Members whose membership have been approved in accordance with CUCBC's rules and practices. Generally, the group of Class C Members consists of:
 - (a) organizations that have some relationship with the credit union system, namely as providers and recipients of services to and from CUCBC, its member credit unions or their subsidiaries, which services are supportive to the operation of the credit union system, and
 - (b) organizations with which CUCBC is familiar but which in order for CUCBC to have dealings with, must become members pursuant to CUCBC's governing legislation;Issues of Class C shares are exempt from the prospectus and registration requirements pursuant to Sections 46(i) and 75(a) of the *Securities Act* (British Columbia);
11. CUCBC does not intend any distribution of Shares that would be subject to the prospectus and registration requirements of the *Securities Act* (Ontario), other than pursuant to an exemption from the prospectus and registration requirements of the *Securities Act* (Ontario);
12. The CUIA and the FIA are the British Columbia statutes that regulate credit unions in British Columbia, including CUCBC, and the Credit Unions and Caisses Populaires Act is the statute that regulates credit unions in Ontario. If CUCBC was a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* (Ontario) applies, the Shares would be exempt from the prospectus and registration requirements pursuant to Sections 35(2) paragraphs 9, 9.1, or 9.2, and Section 73(1)(a) of the *Securities Act* (Ontario);
13. CUCBC's capital is regulated pursuant to the provincial regulatory capital requirements under the FIA and the federal requirements under the CCAA. Under the FIA, CUCBC is subject to a risk-weighted capital adequacy requirement, where the level of capital required is based on a prescribed percentage of the total value of CUCBC's risk-weighted assets, each asset of CUCBC being assigned a prescribed risk factor. A minimum capital to risk weighted assets ratio of 8% is prescribed by regulation; it is CUCBC's internal policy to maintain a capital to risk-weighted assets ratio of at least 10%, which is the level necessary under the FIA's Capital Requirements Regulation to permit its member credit unions to zero-risk-weight their deposits with CUCBC;
14. In order to meet CUCBC's targeted capital requirements, the member credit unions are required to hold Class A shares in proportion to their assets. Currently, the Class A members are collectively required to hold approximately \$105.5 million in contributed share capital. Over the past several years CUCBC has targeted maintaining an equal balance of retained earnings to contributed capital. That goal has been achieved in this fiscal year;
15. Class A shares are reallocated annually, through a process of issuance and redemption based on the assets of the credit unions at their preceding year ends. A Class A member is not permitted to reduce the number of its Class A shares below the minimum requirement. While CUCBC has the authority to issue share calls and request its credit union members to increase their overall share investments in CUCBC, generally, this would only occur under extraordinary circumstances, for example, in the event of a liquidity crisis;
16. Although the rules of CUCBC permit members to hold an unlimited number of shares, CUCBC has fixed the number of Class B and C shares that may be held by any one such member at 100 shares each at \$1.00 per share. It is unlikely that CUCBC would permit any Class B or C member to subscribe for shares in excess of this fixed amount, as these shares are not issued with the intention of creating a significant equity interest in CUCBC, but only to evidence membership in CUCBC or participation in the British Columbia credit union system;
17. The Shares are only transferable among members holding the same class and with the consent of CUCBC's directors (the **Transfer Restrictions**). The Shares are not transferable to the public;
18. A Class A member is entitled to vote on any matter, unless the rules of CUCBC provide otherwise. Initially, each holder of Class A shares has one vote regardless of the number of shares

- held, but any holder of Class A shares may request a vote in which each holder of Class A shares has a number of votes proportional to the number of members of the particular credit union in relation to total credit union membership in British Columbia;
19. Each Class B and Class C member has one vote on certain issues regardless of the number of shares held. A Class B member is only entitled to vote with respect to certain matters as specified in CUCBC's rules and with respect to those matters which the directors in their discretion determine relate to Class B members. A Class C member is only entitled to vote only with respect to those matters which the directors of CUCBC in their discretion determine relate to that class of shareholders;
 20. With respect to elections of directors, the constitution and rules of CUCBC provide that one director may be appointed by each Class A member having in excess of 15% of the total membership of all B.C. credit unions. One director from each of the six peer groups established pursuant to the rules of CUCBC is elected by the delegates of the Class A members that comprise each peer group, other than Class A members that have appointed directors. Currently, the rules provide for three directors to be elected at-large by the delegates of Class A members, other than Class A members that have appointed directors. A delegate is a person appointed as such by a member. Class B and C members do not have rights to elect or appoint directors;
 21. Subject to certain restrictions contained in the CUIA, the CCAA and the constitution and rules of CUCBC, all Shares are redeemable by CUCBC, at its option and on the approval of its directors, at the amount paid up on such Shares. However, except upon withdrawal from or termination of membership or the exercise of a lien pursuant to the rules of CUCBC, no redemption of shares of any class is permitted which would reduce the total number of shares held by any member below the number of such shares required to be held by that member;
 22. In the event of liquidation, dissolution or winding up, all of the Shares participate equally in the surplus of CUCBC;
 23. Generally, CUCBC's policy is to pay a targeted annual dividend to its members based on an interest rate equal to the average Government of Canada 90-day treasury bill rate. In 2000 CUCBC adopted a policy whereby it considers paying, in addition to the targeted dividend, a bonus dividend in an aggregate amount of its remaining earnings in excess of what would be required to reach the retained earnings target for that year;
 24. In 1996, CUCBC obtained an order (the **Old Order**) from the British Columbia Securities Commission which, among other things, exempted CUCBC's insiders from the insider reporting requirements of the *Securities Act* (British Columbia);
 25. In August 2002, the Old Order was replaced by an MRRS decision document (the **MRRS Decision Document**) which extended exemptive relief from the insider reporting requirements to the other Reporting Provinces;
 26. To the best of its knowledge, CUCBC is not in default of any of the requirements of the securities legislation of the Reporting Provinces.
- AND UPON** the Director being satisfied that to do so would not be prejudicial to the public interest;
- IT IS ORDERED**, pursuant to Section 6.1 of the Rule, that for the purposes of paying the annual participation fees under Section 2.2 of the Rule, the calculation of CUCBC's capitalization under Section 2.6 of the Rule shall be modified so that items (a) to (h) under Section 2.6 of the Rule shall not be included in determining CUCBC's capitalization, and in substitution therefor, the calculation of CUCBC's capitalization under Section 2.6 of the Rule shall be determined solely on the basis of the aggregate amount of Medium Term Notes that are issued and outstanding as at the end of CUCBC's most recent financial year end, provided that:
1. CUCBC continues to be regulated by the Office of the Superintendent of Financial Institutions under the CCAA and by the Financial Institutions Commission under the FIA;
 2. CUCBC continues to have no outstanding securities traded on a marketplace as defined in National Instrument 21-101;
 3. CUCBC continues to satisfy all of the conditions contained in the MRRS Decision Document;
 4. The Shares continue to be subject to the Transfer Restrictions;
 5. CUCBC continues to have no securities, including debt securities, outstanding, other than the Medium Term Notes, the Short Term Notes and the Shares; and
 6. CUCBC otherwise continues to comply with the Rule.
- September 22, 2003.
- "Charlie MacCready"

2.2.5 K.J. Harrison & Partners Inc. - s. 147

Headnote

Exemption for pooled funds from the requirement to file with the Commission interim financial statements under section 77(2) of the Act and comparative financial statements under section 78(1) of the Act, subject to conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5 as am., ss. 74(1).
National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

Regulations Cited

Regulation made under the Securities Act, R.R.O. Reg. 1015, as am.

**IN THE MATTER OF
THE SECURITIES ACT (ONTARIO), R.S.O. 1990,
CHAPTER S.5 AS AMENDED
(THE “ACT”)**

AND

**IN THE MATTER OF
K.J. HARRISON & PARTNERS INC.**

AND

**THE KJH STRATEGIC INVESTORS FUND
THE KJH STRATEGIC INVESTORS RRSP FUND
(The “Existing Pooled Funds”)**

**ORDER
(Subsection 147 of the Act)**

UPON the application (the “Application”) of K.J. Harrison & Partners Inc. (“KJ Harrison”), the manager of the Existing Pooled Funds and other pooled funds established and managed by KJ Harrison from time to time (collectively, the “Pooled Funds”), to the Ontario Securities Commission (the “Commission”) for an order pursuant to subsection 147 of the Act exempting the Pooled Funds from filing with the Commission the interim and annual financial statements prescribed by sections 77(2) and 78(1), respectively, of the Act;

AND UPON considering the Application and the recommendation of the staff of the Commission;

AND UPON KJ Harrison having represented to the Commission that:

1. KJ Harrison is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario. KJ Harrison is, or will be, the manager of the Pooled Funds. KJ Harrison is registered as an investment dealer with the Investment Dealers Association.

2. The Pooled Funds are, or will be, open-end mutual fund trusts established under the laws of Ontario. The Pooled Funds will not be reporting issuers in Ontario. Units of the Pooled Funds are, or will be, distributed in Ontario without a prospectus pursuant to exemptions from the prospectus delivery requirements of applicable securities legislation.
3. The Pooled Funds represent an administratively efficient model that is designed to permit KJ Harrison to build larger investment portfolios rather than reproduce those same portfolios in individual segregated accounts.
4. The Pooled Funds fit within the definition of “mutual fund in Ontario” in section 1(1) of the Act and are thus required to file with the Commission interim financial statements under section 77(2) of the Act and comparative annual financial statements under section 78(1) of the Act (collectively, the “Financial Statements”).
5. Unitholders of the Pooled Funds (“Unitholders”) receive the Financial Statements for the Pooled Funds they hold. The Financial Statements are prepared and delivered to Unitholders in the form and for the periods required under the Act and the regulation or rules made thereunder (the “Regulation”).
6. Section 2.1(1)1 of National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR) (“Rule 13-101”) requires that every issuer required to file a document under securities legislation make its filing through SEDAR. The Financial Statements filed with the Commission thus become publicly available.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest,

IT IS ORDERED by the Commission pursuant to subsection 147 of the Act that the Pooled Funds be exempted from the requirements in sections 77(2) and 78(1) of the Act to file the Financial Statements with the Commission provided:

- (a) In the absence of other regulatory relief, the Pooled Funds will prepare and deliver to the Unitholders of the Pooled Funds the Financial Statements, in the form and for the periods required under the Act and the Regulation;
- (b) KJ Harrison will retain the Financial Statements indefinitely;
- (c) KJ Harrison will provide the Financial Statements to the Commission or any member, employee or agent of the Commission immediately upon request of

the Commission or any member, employee or agent of the Commission;

- (d) KJ Harrison will provide a list of the Pooled Funds relying on this Order to the Investment Funds Branch of the Commission on an annual basis;
- (e) Unitholders of the Pooled Funds will be notified that the Pooled Funds are exempted from the requirements in sections 77(2) and 78(1) of the Act to file the Financial Statements with the Commission;
- (f) In all other aspects, the Pooled Funds will comply with the requirements in Ontario securities law for financial statements; and
- (g) This decision, as it relates to the Commission, will terminate after the coming into force of any legislation or rule of the Commission dealing with the matters regulated by sections 77(2) and 78(1) of the Act.

September 19, 2003.

"Robert W. Davis" "H. Lorne Morphy"

2.2.6 Crescent Capital Corp. - ss. 74(1)

Headnote

Subsection 74(1) - Ruling pursuant to subsection 74(1) of the Act that the registration requirements of the Act do not apply to Crescent Capital Corp., a registered adviser in Alberta, with respect to its provision of advice to an Ontario flow-through limited partnership.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1)(c) and 74(1).

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O 1990, C. S.5, AS AMENDED (the "Act")**

AND

**IN THE MATTER OF
CRESCENT CAPITAL CORP.**

AND

**DOMINION EQUITY 2002 FLOW-THROUGH
LIMITED PARTNERSHIP**

AND

**DOMINION EQUITY 2003 FLOW-THROUGH
LIMITED PARTNERSHIP**

**ORDER
(Section 74(1))**

UPON the application (the "Application") of Crescent Capital Corp. ("Crescent") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act exempting Crescent from paragraph 25(1)(c) of the Act in connection with Crescent acting as a portfolio adviser to Dominion Equity 2002 Flow-Through Limited Partnership (the "2002 Partnership") and Dominion Equity 2003 Flow-Through Limited Partnership (the "2003 Partnership") (collectively, the "Limited Partnerships"), subject to certain terms and conditions;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON Crescent representing to the Commission as follows:

1. Crescent is a corporation incorporated under the laws of Alberta and is registered as an advisor under the *Securities Act* (Alberta);
2. the Limited Partnerships are each a limited partnership formed under the laws of Ontario to invest in flow-through shares of resource issuers whose shares are listed on a Canadian stock

exchange and flow-through shares of private resource issuers, in each case, whose principal business is oil and gas exploration, development and production, mineral exploration, development and/or production and the generation of electrical and heat energy;

3. the general partner of the 2002 Partnership is Dominion Equity Management 2002 Inc., and the general partner of the 2003 Partnership is Dominion Equity Management 2003 Inc. (collectively, the "General Partners"), each of which are corporations incorporated under the laws of Alberta. The General Partners are each indirect wholly-owned subsidiaries of Crescent;
4. Units of the 2002 Partnership were distributed by prospectus dated August 16, 2002 to purchasers resident in the Province of Alberta, British Columbia and Ontario on August 29, 2002 and October 9, 2002 (the "2002 Offering"). Pursuant to the 2002 Offering, 5,588 units in the 2002 Partnership were distributed, of which 910 units (16%) were distributed to holders resident in the Province of Ontario. Units of the 2003 Partnership will be offered by way of prospectus dated June 12, 2003 in the Provinces of Alberta, British Columbia and Ontario;
5. the Limited Partnerships' principal place of business in Alberta is Suite 1700, 444 – 5th Avenue S.W., Calgary, Alberta, T2P 2T8. The Limited Partnerships' principal place of business in Ontario is Suite 3400, 1 First Canadian Place, P.O. Box 130, Toronto, Ontario M5X 1A7. None of the mind or management of the General Partners or Crescent are resident in Ontario;
6. pursuant to investment management agreements, Crescent provides and will provide, as applicable, investment management services to the General Partners acting on behalf of the Limited Partnerships. Crescent has been appointed as the exclusive manager of all investments on behalf of the Limited Partnerships and as such will have the exclusive authority to make all investment decisions with respect to proceeds available for investment; and
7. all advice provided by Crescent to the Limited Partnerships is and will be, as applicable, given and received outside Ontario.

AND WHEREAS clause 25(l)(c) of the Act prohibits a company acting as an advisor unless the person or company is registered as an advisor and the registration has been made in accordance with Ontario securities laws;

AND UPON the Commission being satisfied that to make this order would not be prejudicial to the public interest;

IT IS ORDERED pursuant to subsection 74(1) of the Act that Crescent and its representatives, partners, directors and officers are not subject to the requirement of paragraph 25(l)(c) of the Act in connection with Crescent acting as a portfolio adviser to the Limited Partnership provided that:

1. Crescent remains not ordinarily resident in Ontario;
2. Crescent is registered as an adviser under the *Securities Act* (Alberta);
3. no activities in respect of the operation of the Limited Partnerships occur in Ontario except in respect of the distribution of units of the Limited Partnerships; and
4. Crescent's advice to the Limited Partnerships is given outside the Province of Ontario.

July 8, 2003.

"Paul M. Moore"

"Paul K. Bates"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
701 Media Group Inc.	09 Sep 03	19 Sep 03		23 Sep 03
CD Rom Network Corp.	22 Sep 03	03 Oct 03		
ePhone Telecom, Inc.	17 Sep 03	29 Sep 03		
Fiscal Investments Limited	10 Sep 03	22 Sep 03	22 Sep 03	
Genesys Conferencing Ltd.	09 Sep 03	19 Sep 03		23 Sep 03
Goran Capital Inc.	16 Sep 03	26 Sep 03		
Knightsbridge London Limited Partnership 1993	08 Sep 03	19 Sep 03	19 Sep 03	
Mississauga Teachers Retirement Village Limited Partnership	08 Sep 03	19 Sep 03		22 Sep 03
NSI Global Inc.	16 Sep 03	26 Sep 03		
Platinova A/S	09 Sep 03	19 Sep 03	19 Sep 03	
Platinova Resources Ltd.	09 Sep 03	19 Sep 03	19 Sep 03	
Turbodyne Technologies Inc.	19 Sep 03	01 Oct 03		
UNIREX Corporation	10 Sep 03	22 Sep 03	22 Sep 03	
Uranium Resources Inc.	11 Sep 03	23 Sep 03		25 Sep 03
Vision SCMS Inc.	09 Sep 03	19 Sep 03	19 Sep 03	
YWL Corp.	12 Sep 03	24 Sep 03		

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
National Construction Inc.	25 Jul 03	07 Aug 03	07 Aug 03		
Wastecorp. International Investments Inc.	23 Jul 03	05 Aug 03	05 Aug 03	23 Sep 03	

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Chapter 5

Rules and Policies

5.1.1 National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities

NATIONAL INSTRUMENT 51-101 STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

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**NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE
FOR OIL AND GAS ACTIVITIES**

PART 1 APPLICATION AND TERMINOLOGY¹

1.1 Definitions² - In this *Instrument*:

- (a) *annual information form* means:
 - (i) a "current AIF", as defined in *NI 44-101*;
 - (ii) in the case of a *reporting issuer* that is eligible to file, for the purpose of Part 3 of *NI 44-101*, a current annual report on Form 10-K or Form 20-F under the *1934 Act*, such a current annual report so filed; or
 - (iii) a document prepared in Form 44-101F1 *AIF* and filed with the *securities regulatory authority* in the *jurisdiction* in accordance with *securities legislation* of that *jurisdiction* other than *NI 44-101*;
- (b) "*BOEs*" means barrels of oil equivalent;
- (c) "*CICA*" means The Canadian Institute of Chartered Accountants;
- (d) "*CICA Accounting Guideline 5*" means Accounting Guideline AcG-5 "Full cost accounting in the oil and gas industry" included in the *CICA Handbook*, as amended from time to time;
- (e) "*CICA Handbook*" means the Handbook of the *CICA*, as amended from time to time;
- (f) "*COGE Handbook*" means the "Canadian Oil and Gas Evaluation Handbook" prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time;
- (g) "*constant prices and costs*" means the prices and costs used in an estimate that are:
 - (i) the *reporting issuer's* prices and costs as at the *effective date* of the estimation, held constant throughout the estimated lives of the *properties* to which the estimate applies;
 - (ii) if, and only to the extent that, there are 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, those prices or costs rather than the prices and costs referred to in subparagraph (i);
- (h) "*effective date*", in respect of information, means the date as at which, or for the period ended on which, the information is provided;
- (i) "*FAS 19*" means United States Financial Accounting Standards Board Statement of Financial Accounting Standards No. 19 "Financial Accounting and Reporting by Oil and Gas Producing Companies", as amended from time to time;
- (j) "*forecast prices and costs*" means future prices and costs that are:
 - (i) generally accepted as being a reasonable outlook of the future;

¹ For the convenience of readers, Appendix 1 to Companion Policy 51-101CP sets out the meanings of terms, including those defined in this Part, that are printed in italics in this *Instrument*, *Form 51-101F1*, *Form 51-101F2*, *Form 51-101F3* or the Companion Policy.

² A national definition instrument has been adopted as *NI 14-101*. It contains definitions of certain terms used in more than one national or multilateral instrument. *NI 14-101* provides that a term used in a national or multilateral instrument and defined in the statute relating to securities of the applicable *jurisdiction*, the definition of which is not restricted to a specific portion of the statute, will have the meaning given to it in that statute unless the context otherwise requires. *NI 14-101* also provides that a provision or a reference within a provision of a national or multilateral instrument that specifically refers by name to a *jurisdiction* other than the local *jurisdiction* shall not have any effect in the local *jurisdiction*, unless otherwise stated in that national or multilateral instrument.

- (ii) if, and only to the extent that, there are 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, those prices or costs rather than the prices and costs referred to in subparagraph (i).
- (k) "*foreign geographic area*" means a geographic area outside North America within one country or including all or portions of a number of countries;
- (l) "*Form 51-101F1*" means Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*;
- (m) "*Form 51-101F2*" means Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*;
- (n) "*Form 51-101F3*" means Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*;
- (o) "*independent*", in respect of the relationship between a *reporting issuer* and a *qualified reserves evaluator or auditor*, has the meaning set out in the *COGE Handbook*;
- (p) "*McfGEs*" means thousand cubic feet of gas equivalent;
- (q) "*NI 14-101*" means National Instrument 14-101 *Definitions*;
- (r) "*NI 44-101*" means National Instrument 44-101 *Short Form Prospectus Distributions*;
- (s) "*oil and gas activities*"
 - (i) include:
 - (A) the search for *crude oil* or *natural gas* in their natural states and original locations;
 - (B) the acquisition of property rights or *properties* for the purpose of further exploring for or removing *oil* or *gas* from *reservoirs* on those *properties*;
 - (C) the construction, drilling and *production* activities necessary to retrieve *oil* and *gas* from their natural *reservoirs*, and the acquisition, construction, installation and maintenance of *field* gathering and storage systems including lifting the *oil* and *gas* to the surface and gathering, treating, *field* processing and *field* storage; and
 - (D) the extraction of hydrocarbons from oil sands, shale, coal or other non-conventional sources and activities similar to those referred to in clauses (A), (B) and (C) undertaken with a view to such extraction; but
 - (ii) do not include:
 - (A) transporting, refining or marketing *oil* or *gas*;
 - (B) activities relating to the extraction of natural resources other than *oil* and *gas* and their by-products; or
 - (C) the extraction of geothermal steam or of hydrocarbons as a by-product of the extraction of geothermal steam or associated geothermal resources;
- (t) "*preparation date*", in respect of written disclosure, means the most recent date to which information relating to the period ending on the *effective date* was considered in the preparation of the disclosure;
- (u) "*production group*" means one of the following together, in each case, with associated by-products:
 - (i) light and medium *crude oil* (combined);
 - (ii) *heavy oil*;
 - (iii) *associated gas* and *non-associated gas* (combined); and

- (iv) *bitumen, synthetic oil* or other products from non-conventional *oil and gas activities*.
- (v) "*product type*" means one of the following:
 - (i) in respect of conventional *oil and gas activities*:
 - (A) light and medium *crude oil* (combined);
 - (B) *heavy oil*;
 - (C) *natural gas* excluding *natural gas liquids*; or
 - (D) *natural gas liquids*; and
 - (ii) in respect of non-conventional *oil and gas activities*:
 - (A) *synthetic oil*;
 - (B) *bitumen*;
 - (C) coal bed methane; or
 - (D) hydrates.
- (w) "*professional organization*" means a self-regulatory organization of engineers, geologists, other geoscientists or other professionals whose professional practice includes *reserves evaluations* or *reserves audits*, that:
 - (i) admits members primarily on the basis of their educational qualifications;
 - (ii) requires its members to comply with the professional standards of competence and ethics prescribed by the organization that are relevant to the estimation, *evaluation*, *review* or *audit of reserves data*;
 - (iii) has disciplinary powers, including the power to suspend or expel a member; and
 - (iv) is either:
 - (A) given authority or recognition by statute in a Canadian jurisdiction; or
 - (B) accepted for this purpose by the *securities regulatory authority* or the *regulator*;
- (x) "*qualified reserves auditor*" means an individual who:
 - (i) in respect of particular *reserves data* or related information, possesses professional qualifications and experience appropriate for the estimation, *evaluation*, *review* and *audit* of the *reserves data* and related information; and
 - (ii) is a member in good standing of a *professional organization*;
- (y) "*qualified reserves evaluator*" means an individual who:
 - (i) in respect of particular *reserves data* or related information, possesses professional qualifications and experience appropriate for the estimation, *evaluation* and *review* of the *reserves data* and related information; and
 - (ii) is a member in good standing of a *professional organization*;
- (z) "*qualified reserves evaluator or auditor*" means a *qualified reserves auditor* or a *qualified reserves evaluator*;
- (aa) "*reserves data*" means the following estimates, as at the last day of the *reporting issuer's* most recent financial year:
 - (i) *proved reserves* and related *future net revenue* estimated:

- (A) using *constant prices and costs* as at the last day of that financial year; and
- (B) using *forecast prices and costs*; and
- (ii) *probable reserves* and related *future net revenue* estimated using *forecast prices and costs*; and
- (bb) "*supporting filing*" means a document filed by a *reporting issuer* with a *securities regulatory authority*.

1.2 COGE Handbook Definitions

- (1) Terms used in this *Instrument* but not defined in this *Instrument*, *NI 14-101* or the securities statute in the *jurisdiction*, and defined or interpreted in the *COGE Handbook*, have the meaning or interpretation ascribed to those terms in the *COGE Handbook*.
- (2) In the event of a conflict or inconsistency between the definition of a term in this *Instrument*, *NI 14-101* or the securities statute in the *jurisdiction* and the meaning ascribed to the term in the *COGE Handbook*, the definition in this *Instrument*, *NI 14-101* or the securities statute in the *jurisdiction*, as the case may be, shall apply.

1.3 Applies to Reporting Issuers Only - This *Instrument* applies only to *reporting issuers* engaged, directly or indirectly, in *oil and gas activities*.

1.4 Materiality Standard

- (1) This *Instrument* applies only in respect of information that is *material* in respect of a *reporting issuer*.
- (2) For the purpose of subsection (1), information is *material* in respect of a *reporting issuer* if it would be likely to influence a decision by a reasonable investor to buy, hold or sell a security of the *reporting issuer*.

PART 2 ANNUAL FILING REQUIREMENTS

2.1 Reserves Data and Other Oil and Gas Information - A *reporting issuer* shall, not later than the date on which it is required by *securities legislation* to file audited financial statements for its most recent financial year, file with the *securities regulatory authority* the following:

- 1. **Statement of Reserves Data and Other Information** - a statement of the *reserves data* and other information specified in *Form 51-101F1*, as at the last day of the *reporting issuer's* most recent financial year and for the financial year then ended;
- 2. **Report of Independent Qualified Reserves Evaluator or Auditor** - a report in accordance with *Form 51-101F2* that is:
 - (a) included in, or filed concurrently with, the document filed under item 1; and
 - (b) executed by one or more *qualified reserves evaluators or auditors* each of whom is *independent of the reporting issuer*, who shall in the aggregate have:
 - (i) *evaluated* or *audited* at least 75 percent of the *future net revenue* (calculated using a discount rate of 10 percent) attributable to *proved plus probable reserves*, as reported in the statement filed or to be filed under item 1; and
 - (ii) *reviewed* the balance of such *future net revenue*; and
- 3. **Report of Management and Directors** - except in British Columbia, a report in accordance with *Form 51-101F3* that
 - (a) refers to the information filed or to be filed under items 1 and 2;
 - (b) confirms the responsibility of management of the *reporting issuer* for the content and filing of the statement referred to in item 1 and for the filing of the report referred to in item 2;
 - (c) confirms the role of the board of directors in connection with the information referred to in paragraph (b);

- (d) is contained in, or filed concurrently with, the statement filed under item 1; and
- (e) is executed by two senior officers and two directors of the *reporting issuer*.

2.2 News Release to Announce Filing - A *reporting issuer* shall, concurrently with filing a statement and reports under section 2.1, disseminate a news release announcing that filing and indicating where a copy of the filed information can be found for viewing by electronic means.

2.3 Inclusion in Annual Information Form - The requirements of section 2.1 may be satisfied by including the information specified in section 2.1 in an *annual information form* filed within the time specified in section 2.1.

2.4 Reservation in Report of Qualified Reserves Evaluator or Auditor

- (1) If a *qualified reserves evaluator or auditor* cannot report on *reserves data* without *reservation*, the *reporting issuer* shall ensure that the report of the *qualified reserves evaluator or auditor* prepared for the purpose of item 2 of section 2.1 sets out the cause of the *reservation* and the effect, if known to the *qualified reserves evaluator or auditor*, on the *reserves data*.
- (2) A report containing a *reservation*, the cause of which can be removed by the *reporting issuer*, does not satisfy the requirements of item 2 of section 2.1.

PART 3 RESPONSIBILITIES OF REPORTING ISSUERS AND DIRECTORS

3.1 Interpretation - A reference to a board of directors in this Part means, for a *reporting issuer* that does not have a board of directors, those individuals whose authority and duties in respect of that *reporting issuer* are similar to those of a board of directors.

3.2 Reporting Issuer to Appoint Independent Qualified Reserves Evaluator or Auditor - A *reporting issuer* shall appoint one or more *qualified reserves evaluators or auditors*, each of whom is *independent* of the *reporting issuer*, to report to the board of directors of the *reporting issuer* on its *reserves data*.

3.3 Reporting Issuer to Make Information Available to Qualified Reserves Evaluator or Auditor - A *reporting issuer* shall make available to the *qualified reserves evaluators or auditors* that it appoints under section 3.2 all information reasonably necessary to enable the *qualified reserves evaluators or auditors* to provide a report that will satisfy the applicable requirements of this Instrument.

3.4 Certain Responsibilities of Board of Directors - The board of directors of a *reporting issuer* shall

- (a) review, with reasonable frequency, the *reporting issuer's* procedures relating to the disclosure of information with respect to *oil and gas activities*, including its procedures for complying with the disclosure requirements and restrictions of this *Instrument*;
- (b) review each appointment under section 3.2 and, in the case of any proposed change in such appointment, determine the reasons for the proposal and whether there have been disputes between the appointed qualified reserves evaluator or auditor and management of the reporting issuer;
- (c) review, with reasonable frequency, the reporting issuer's procedures for providing information to the qualified reserves evaluators or auditors who report on reserves data for the purposes of this Instrument;
- (d) before approving the filing of reserves data and the report of the qualified reserves evaluators or auditors thereon referred to in section 2.1, meet with management and each qualified reserves evaluator or auditor appointed under section 3.2, to
 - (i) determine whether any restrictions affect the ability of the *qualified reserves evaluator or auditor* to report on *reserves data* without *reservation*; and
 - (ii) review the *reserves data* and the report of the *qualified reserves evaluator or auditor* thereon; and
- (e) review and approve
 - (i) the content and filing, under section 2.1, of the statement referred to in item 1 of section 2.1;

- (ii) the filing, under section 2.1, of the report referred to in item 2 of section 2.1; and
- (iii) the content and filing, under section 2.1, of the report referred to in item 3 of section 2.1.

3.5 Reserves Committee

- (1) The board of directors of a *reporting issuer* may, subject to subsection (2), delegate the responsibilities set out in section 3.4 to a committee of the board of directors, provided that a majority of the members of the committee
 - (a) are individuals who are not and have not been, during the preceding 12 months:
 - (i) an officer or employee of the *reporting issuer* or of an affiliate of the *reporting issuer*;
 - (ii) a person who beneficially owns 10 percent or more of the outstanding voting securities of the *reporting issuer*; or
 - (iii) a relative of a person referred to in subparagraph (a)(i) or (ii), residing in the same home as that person; and
 - (b) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgement.
- (2) Despite subsection (1), a board of directors of a *reporting issuer* shall not delegate its responsibility under paragraph 3.4(e) to approve the content or the filing of information.
- (3) A board of directors that has delegated responsibility to a committee pursuant to subsection (1) shall solicit the recommendation of that committee as to whether to approve the content and filing of information for the purpose of paragraph 3.4(e).

3.6 British Columbia - Section 3.4 and section 3.5 do not apply in British Columbia.

PART 4 MEASUREMENT

4.1 Accounting Methods - A *reporting issuer* engaged in *oil and gas activities* that discloses financial statements prepared in accordance with *Canadian GAAP* shall use

- (a) the full cost method of accounting, applying *CICA Accounting Guideline 5*; or
- (b) the successful efforts method of accounting, applying *FAS 19*.

4.2 Requirements for Disclosed Reserves Data

- (1) A *reporting issuer* shall ensure that estimates of *reserves* or *future net revenue* contained in a document filed with the *securities regulatory authority* under this *Instrument* satisfy the following requirements:
 - (a) the estimates shall be
 - (i) prepared or audited by a *qualified reserves evaluator or auditor*;
 - (ii) prepared or *audited* in accordance with the *COGE Handbook*; and
 - (iii) estimated assuming that development of each *property* in respect of which the estimate is made will occur, without regard to the likely availability to the *reporting issuer* of funding required for that development;
 - (b) for the purpose of determining whether *reserves* should be attributed to a particular undrilled *property*, reasonably estimated future abandonment and reclamation costs related to the *property* shall be taken into account; and
 - (c) aggregate *future net revenue* shall be estimated deducting
 - (i) reasonably estimated future *well abandonment costs*; and

- (ii) *future income tax expenses* (unless otherwise specified in this *Instrument, Form 51-101F1* or *Form 51-101F2*).
- (2) The date or period with respect to which the effects of an event or transaction are recorded in a *reporting issuer's* annual financial statements shall be the same as the date or period with respect to which they are first reflected in the *reporting issuer's* annual *reserves data* disclosure under Part 2.

PART 5 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

5.1 Application of Part 5 - This Part applies to disclosure made by or on behalf of a *reporting issuer*

- (a) to the public;
- (b) in any document filed with a *securities regulatory authority*; or
- (c) in other circumstances in which, at the time of making the disclosure, the *reporting issuer* knows, or ought reasonably to know, that the disclosure is or will become available to the public.

5.2 Consistency with Reserves Data and Other Information - If a *reporting issuer* makes disclosure of information of a type that is required to be included in a statement filed with a *securities regulatory authority* under item 1 of section 2.1, the information shall be

- (a) prepared in accordance with Part 4; and
- (b) consistent with the corresponding information, if any, contained in the statement most recently filed by the *reporting issuer* with the *securities regulatory authority* under item 1 of section 2.1, except to the extent that such statement has been supplemented or superseded by a report of a material change³ filed by the *reporting issuer* with the *securities regulatory authority*.

5.3 Reserves and Resources Classification - Disclosure of *reserves* or *resources* shall be consistent with the *reserves* and *resources* terminology and categories set out in the *COGE Handbook*.

5.4 Oil and Gas Reserves and Sales - Disclosure of *reserves* or of sales of *oil*, *gas* or associated by-products shall be made only in respect of *marketable* quantities, reflecting prices for the product in the condition (upgraded or not upgraded, processed or unprocessed) in which it is to be, or was, sold.

5.5 Natural Gas By-Products - Disclosure concerning natural gas by-products (including *natural gas liquids* and sulphur) shall be made in respect only of volumes that have been or are to be recovered prior to the point at which *marketable gas* is measured.

5.6 Future Net Revenue Not Fair Value - Disclosure of an estimate of *future net revenue*, whether calculated without discount or using a discount rate, shall include a statement to the effect that the estimated values disclosed do not represent fair market value.

5.7 Consent of Qualified Reserves Evaluator or Auditor

- (1) A *reporting issuer* shall not disclose a report referred to in item 2 of section 2.1 that has been delivered to the board of directors of the *reporting issuer* by a *qualified reserves evaluator or auditor* pursuant to an appointment under section 3.2, or disclose information derived from the report or the identity of the *qualified reserves evaluator or auditor*, without the written consent of that *qualified reserves evaluator or auditor*.
- (2) Subsection (1) does not apply to
 - (a) the filing of that report by a *reporting issuer* under section 2.1;
 - (b) the use of or reference to that report in another document filed by the *reporting issuer* under section 2.1; or
 - (c) the identification of the report or of the *qualified reserves evaluator or auditor* in a news release referred to in section 2.2.

³ "Material change" has the meaning ascribed to the term under *securities legislation* of the applicable *jurisdiction*.

5.8 Disclosure of Less Than All Reserves - If a *reporting issuer* that has more than one *property* makes written disclosure of any *reserves* attributable to a particular *property*

- (a) the disclosure shall include a cautionary statement to the effect that

"The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation"; and
- (b) the document containing the disclosure of any *reserves* attributable to one *property* shall also disclose total *reserves* of the same classification for all *properties* of the *reporting issuer* in the same country (or, if appropriate and not misleading, in the same *foreign geographic area*).

5.9 Disclosure Concerning Prospects - If a *reporting issuer* discloses anticipated results from a *prospect*, the *reporting issuer* shall also disclose in writing, in the same document or in a *supporting filing*, in respect of the *prospect*

- (a) the location and basin name;
- (b) the *reporting issuer's* *gross* and *net* interest in the *property*, expressed in units of area (acres or hectares);
- (c) in the case of undeveloped *property* in which the *reporting issuer* holds a leasehold interest, the expiry date of that interest;
- (d) the name, geologic age and lithology of the target zone;
- (e) the distance to the nearest analogous commercial production;
- (f) the *product types* reasonably expected;
- (g) the range of pool or *field* sizes;
- (h) the depth of the target zone;
- (i) the estimated cost to drill and test a well to the target depth;
- (j) reasonably expected drilling commencement and completion dates;
- (k) the anticipated prices to be received for each *product type* reasonably expected;
- (l) reasonably expected marketing and transportation arrangements;
- (m) the identity and relevant experience of the operator;
- (n) risks and the probability of success; and
- (o) the applicable information specified in section 5.10.

5.10 Estimates of Fair Value of an Unproved Property, Prospect or Resource

- (1) If a *reporting issuer* discloses in writing an estimate of the fair value of an *unproved property*, *prospect* or *resource*, or discloses expected results from a *prospect*, the disclosure shall include all positive and negative factors relevant to the estimate or expectation.
- (2) If a *reporting issuer* discloses in writing an estimate of the fair value of an *unproved property*, *prospect* or *resource*
 - (a) in the case of an estimate of the fair value of an *unproved property*, except as provided in paragraph (b), the estimate shall be based on the first applicable item listed below, and that item shall be described as the basis of the estimate in the document containing the disclosure or in a *supporting filing*:

1. the acquisition cost to the *reporting issuer*, provided that there have been no material changes in the *unproved property*, the surrounding *properties*, or the general *oil* and *gas* economic climate since acquisition;
 2. recent sales by others of interests in the same *unproved property*;
 3. terms and conditions, expressed in monetary terms, of recent farm-in agreements related to the *unproved property*;
 4. terms and conditions, expressed in monetary terms, of recent work commitments related to the *unproved property*;
 5. recent sales of similar *properties* in the same general area;
- (b) in the case of an estimate of fair value to which none of the items listed in paragraph (a) applies
- (i) the estimate shall be prepared or accepted by a professional valuator (who is not a "related party" of the *reporting issuer* within the meaning of the term as used in the *CICA Handbook*) applying valuation standards established by the professional body of which the valuator is a member and from which the valuator derives professional standing;
 - (ii) the estimate shall consist of at least three values that reflect a range of reasonable likelihoods (the low value being conservative, the middle value being the median and the high value being optimistic) reflecting courses of action expected to be followed by the *reporting issuer*;
 - (iii) the estimate, and the identities of the professional valuator and of the professional body referred to in subparagraph (i), shall be set out in the document containing the disclosure or in a *supporting filing*; and
 - (iv) the *reporting issuer* shall obtain from the professional valuator referred to in subparagraph (i)
 - (A) a report on the estimate that does not contain
 - (I) a disclaimer that materially detracts from the usefulness of the estimate; or
 - (II) a statement that the report may not be relied on; and
 - (B) the professional valuator's written consent to the disclosure of the report by the *reporting issuer* to the public.

5.11 Net Asset Value and Net Asset Value per Share - Written disclosure of net asset value or net asset value per share shall include a description of the methods used to value assets and liabilities and the number of shares used in the calculation.

5.12 Reserve Replacement - Written disclosure concerning *reserve* replacement shall include an explanation of the method of calculation applied.

5.13 Netbacks - Written disclosure of a netback

- (a) shall include separate netbacks for each *product type* by country (or, if appropriate and not misleading, by *foreign geographic area*);
- (b) shall reflect netbacks calculated by subtracting royalties and *operating costs* from revenues; and
- (c) shall state the method of calculation.

5.14 BOEs and McfGEs - If written disclosure includes information expressed in *BOEs*, *McfGEs* or other units of equivalency between *oil* and *gas*

- (a) the information shall be presented

- (i) in the case of *BOEs*, using *BOEs* derived by converting *gas* to *oil* in the ratio of six thousand cubic feet of *gas* to one barrel of *oil* (6 *Mcf*:1 *bbl*);
- (ii) in the case of *McfGEs*, using *McfGEs* derived by converting *oil* to *gas* in the ratio of one barrel of *oil* to six thousand cubic feet of *gas* (1 *bbl*:6 *Mcf*); and
- (iii) with the conversion ratio stated;
- (b) if the information is also presented using *BOEs* or *McfGEs* derived using a conversion ratio other than a ratio specified in paragraph (a), the disclosure shall state that other conversion ratio and explain why it has been chosen;
- (c) if the information is presented using a unit of equivalency other than *BOEs* or *McfGEs*, the disclosure shall identify the unit, state the conversion ratio used and explain why it has been chosen; and
- (d) the disclosure shall include a cautionary statement to the effect that:

"BOEs [or 'McfGEs' or other applicable units of equivalency] may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl [or 'An McfGE conversion ratio of 1 bbl: 6 Mcf'] is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead".

5.15 Finding and Development Costs - If written disclosure is made of finding and development costs

- (a) those costs shall be calculated using the following two methods, in each case after eliminating the effects of acquisitions and dispositions:

Method 1:
$$\frac{a+b+c}{x}$$

Method 2:
$$\frac{a+b+d}{y}$$

where

 - a = *exploration costs* incurred in the most recent financial year
 - b = *development costs* incurred in the most recent financial year
 - c = the change during the most recent financial year in estimated future *development costs* relating to *proved reserves*
 - d = the change during the most recent financial year in estimated future *development costs* relating to *proved reserves* and *probable reserves*
 - x = additions to *proved reserves* during the most recent financial year, expressed in *BOEs* or other unit of equivalency
 - y = additions to *proved reserves* and *probable reserves* during the most recent financial year, expressed in *BOEs* or other unit of equivalency
- (b) the disclosure shall include
 - (i) the results of both methods of calculation under paragraph (a) and a description of those methods;
 - (ii) if the disclosure also includes a result derived using any other method of calculation, a description of that method and the reason for its use;
 - (iii) for each result, comparative information for the most recent financial year, the second most recent financial year and the averages for the three most recent financial years;
 - (iv) a cautionary statement to the effect that:

"The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year"; and

- (v) the cautionary statement required under paragraph 5.14(d).

PART 6 MATERIAL CHANGE DISCLOSURE

6.1 Material Change⁴ from Information Filed under Part 2

- (1) This Part applies in respect of a material change that, had it occurred on or before the *effective date* of information included in the statement most recently filed by a *reporting issuer* under item 1 of section 2.1, would have resulted in a significant change in the information contained in the statement.
- (2) In addition to any other requirement of *securities legislation* governing disclosure of a material change, disclosure of a material change referred to in subsection (1) shall
 - (a) identify the statement filed under Part 2 that contains the original information referred to in subsection (1); and
 - (b) discuss the *reporting issuer's* reasonable expectation of how the material change, had it occurred on or before the *effective date* referred to in subsection (1), would have affected the *reserves data* or other information contained in the document identified under paragraph (a).

PART 7 OTHER INFORMATION

- 7.1 **Information to be Furnished on Request** - A *reporting issuer* shall, on the request of the *regulator*, deliver additional information with respect to the content of a document filed under this *Instrument*.

PART 8 EXEMPTIONS

8.1 Authority to Grant Exemption

- (1) The *regulator* or the *securities regulatory authority* may grant an exemption from this *Instrument*, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the *regulator* may grant an exemption.

PART 9 INSTRUMENT IN FORCE

- 9.1 **Coming Into Force** - This *Instrument* comes into force on September 30, 2003.

- 9.2 **Transition** - Despite section 9.1, this *Instrument* does not apply to a *reporting issuer* until the earlier of:

- (a) the date by which the *reporting issuer* is required under *securities legislation* to file audited annual financial statements for its financial year that includes or ends on December 31, 2003; and
- (b) the first date on which the *reporting issuer* files with the *securities regulatory authority* the statement referred to in item 1 of section 2.1.

⁴ In this Part, "material change" has the meaning ascribed to the term under *securities legislation* of the applicable *jurisdiction*.

FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

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**FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION**

This is the form referred to in item 1 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

GENERAL INSTRUCTIONS

- (1) Terms for which a meaning is given in **NI 51-101** have the same meaning in this **Form 51-101F1**¹.
- (2) Unless otherwise specified in this **Form 51-101F1**, information under item 1 of section 2.1 of **NI 51-101** shall be provided as at the last day of the **reporting issuer's** most recent financial year or for its financial year then ended.
- (3) It is not necessary to include the headings or numbering, or to follow the ordering of Items, in this **Form 51-101F1**. Information may be provided in tables.
- (4) To the extent that any Item or any component of an Item specified in this **Form 51-101F1** does not apply to a **reporting issuer** and its activities and operations, or is not **material**, no reference need be made to that Item or component. It is not necessary to state that such an Item or component is "not applicable" or "not material". Materiality is discussed in **NI 51-101** and Companion Policy 51-101CP.
- (5) This **Form 51-101F1** sets out minimum requirements. A **reporting issuer** may provide additional information not required in this **Form 51-101F1** provided that it is not misleading and not inconsistent with the requirements of **NI 51-101**, and provided that material information required to be disclosed is not omitted.
- (6) A **reporting issuer** may satisfy the requirement of this **Form 51-101F1** for disclosure of information "by country" by instead providing information by **foreign geographic area** in respect of countries outside North America as may be appropriate for meaningful disclosure in the circumstances.

PART 1 DATE OF STATEMENT

Item 1.1 Relevant Dates

1. Date the statement.
2. Disclose the *effective date* of the information being provided.
3. Disclose the *preparation date* of the information being provided.

INSTRUCTIONS

- (1) For the purpose of Part 2 of **NI 51-101**, and consistent with the definition of **reserves data** and General Instruction (2) of this **Form 51-101F1**, the **effective date** to be disclosed under section 2 of Item 1.1 is the last day of the **reporting issuer's** most recent financial year. It is the date of the balance sheet for the **reporting issuer's** most recent financial year (for example, "as at December 31, 20xx") and the ending date of the **reporting issuer's** most recent annual statement of income (for example, "for the year ended December 31, 20xx").
- (2) The same **effective date** applies to **reserves** of each category reported and to related **future net revenue**. References to a change in an item of information, such as changes in **production** or a change in **reserves**, mean changes in respect of that item during the year ended on the **effective date**.
- (3) The **preparation date**, in respect of written disclosure, means the most recent date to which information relating to the period ending on the **effective date** was considered in the preparation of the disclosure. The **preparation date** is a date subsequent to the **effective date** because it takes time after the end of the financial year to assemble the information for that completed year that is needed to prepare the required disclosure as at the end of the financial year.

¹ For the convenience of readers, Appendix 1 to Companion Policy 51-101CP sets out the meanings of terms that are printed in italics (or, in the Instructions, in bold type) in this **Form 51-101F1** or in **NI 51-101**, **Form 51-101F2**, **Form 51-101F3** or the Companion Policy.

- (4) *Because of the interrelationship between certain of the **reporting issuer's reserves data** and other information referred to in this **Form 51-101F1** and certain of the information included in its financial statements, the **reporting issuer** should ensure that its financial auditor and its **qualified reserves evaluators or auditors** are kept apprised of relevant events and transactions, and should facilitate communication between them.*
- (5) *If the **reporting issuer** provides information as at a date more recent than the **effective date**, in addition to the information required as at the **effective date**, also disclose the date as at which that additional information is provided. The provision of such additional information does not relieve the **reporting issuer** of the obligation to provide information as at the **effective date**.*

PART 2 DISCLOSURE OF RESERVES DATA

Item 2.1 Reserves Data (Constant Prices and Costs)

1. Breakdown of Proved Reserves (Constant Case) – Disclose, by country and in the aggregate, reserves, gross and net, estimated using *constant prices and costs*, for each *product type*, in the following categories:
 - (a) *proved developed producing reserves;*
 - (b) *proved developed non-producing reserves;*
 - (c) *proved undeveloped reserves; and*
 - (d) *proved reserves (in total).*
2. Net Present Value of Future Net Revenue (Constant Case) – Disclose, by country and in the aggregate, the net present value of *future net revenue* attributable to the reserves categories referred to in section 1 of this Item, estimated using *constant prices and costs*, before and after deducting *future income tax expenses*, calculated without discount and using a discount rate of 10 percent.
3. Additional Information Concerning Future Net Revenue (Constant Case)
 - (a) This section 3 applies to *future net revenue* attributable to *proved reserves* (in total) estimated using *constant prices and costs*.
 - (b) Disclose, by country and in the aggregate, the following elements of *future net revenue* estimated using *constant prices and costs* and calculated without discount:
 - (i) *revenue;*
 - (ii) *royalties;*
 - (iii) *operating costs;*
 - (iv) *development costs;*
 - (v) *abandonment and reclamation costs;*
 - (vi) *future net revenue* before deducting *future income tax expenses;*
 - (vii) *future income tax expenses; and*
 - (viii) *future net revenue* after deducting *future income tax expenses*.
 - (c) Disclose, by *production group*, the net present value of *future net revenue* (before deducting *future income tax expenses*) estimated using *constant prices and costs* and calculated using a discount rate of 10 percent.

Item 2.2 Reserves Data (Forecast Prices and Costs)

1. Breakdown of Reserves (Forecast Case) – Disclose, by country and in the aggregate, reserves, gross and net, estimated using *forecast prices and costs*, for each *product type*, in the following categories:

- (a) *proved developed producing reserves*;
 - (b) *proved developed non-producing reserves*;
 - (c) *proved undeveloped reserves*;
 - (d) *proved reserves* (in total);
 - (e) *probable reserves* (in total);
 - (f) *proved plus probable reserves* (in total); and
 - (g) if the *reporting issuer* discloses an estimate of *possible reserves* in the statement:
 - (i) *possible reserves* (in total); and
 - (ii) *proved plus probable plus possible reserves* (in total).
2. Net Present Value of Future Net Revenue (Forecast Case) – Disclose, by country and in the aggregate, the net present value of *future net revenue* attributable to the *reserves* categories referred to in section 1 of this Item, estimated using *forecast prices and costs*, before and after deducting *future income tax expenses*, calculated without discount and using discount rates of 5 percent, 10 percent, 15 percent and 20 percent.
3. Additional Information Concerning Future Net Revenue (Forecast Case)
- (a) This section 3 applies to *future net revenue* attributable to each of the following *reserves* categories estimated using *forecast prices and costs*:
 - (i) *proved reserves* (in total);
 - (ii) *proved plus probable reserves* (in total); and
 - (iii) if paragraph 1(g) of this Item applies, *proved plus probable plus possible reserves* (in total).
 - (b) Disclose, by country and in the aggregate, the following elements of *future net revenue* estimated using *forecast prices and costs* and calculated without discount:
 - (i) revenue;
 - (ii) royalties;
 - (iii) *operating costs*;
 - (iv) *development costs*;
 - (v) abandonment and reclamation costs;
 - (vi) *future net revenue* before deducting *future income tax expenses*;
 - (vii) *future income tax expenses*; and
 - (viii) *future net revenue* after deducting *future income tax expenses*.
 - (c) Disclose, by *production group*, the net present value of *future net revenue* (before deducting *future income tax expenses*) estimated using *forecast prices and costs* and calculated using a discount rate of 10 percent.

Item 2.3 Reserves Disclosure Varies with Accounting

In determining *reserves* to be disclosed:

- (a) Consolidated Financial Disclosure – if the *reporting issuer* files consolidated financial statements:

- (i) include 100 percent of *reserves* attributable to the parent company and 100 percent of the *reserves* attributable to its consolidated subsidiaries (whether or not wholly-owned); and
- (ii) if a significant portion of *reserves* referred to in clause (i) is attributable to a consolidated subsidiary in which there is a significant minority interest, disclose that fact and the approximate portion of such *reserves* attributable to the minority interest;
- (b) Proportionate Consolidation – if the *reporting issuer* files financial statements in which investments are proportionately consolidated, the *reporting issuer's* disclosed *reserves* must include the *reporting issuer's* proportionate share of investees' *oil* and *gas reserves*; and
- (c) Equity Accounting – if the *reporting issuer* files financial statements in which investments are accounted for by the equity method, do not include investees' *oil* and *gas reserves* in disclosed *reserves* of the *reporting issuer*, but disclose the *reporting issuer's* share of investees' *oil* and *gas reserves* separately.

Item 2.4 Future Net Revenue Disclosure Varies with Accounting

- 1. Consolidated Financial Disclosure – If the *reporting issuer* files consolidated financial statements, and if a significant portion of the *reporting issuer's* economic interest in *future net revenue* is attributable to a consolidated subsidiary in which there is a significant minority interest, disclose that fact and the approximate portion of the economic interest in *future net revenue* attributable to the minority interest.
- 2. Equity Accounting – If the *reporting issuer* files financial statements in which investments are accounted for by the equity method, do not include investees' *future net revenue* in disclosed *future net revenue* of the *reporting issuer*, but disclose the *reporting issuer's* share of investees' *future net revenue* separately, by country and in the aggregate.

INSTRUCTIONS

- (1) Do not include, in **reserves, oil or gas** that is subject to purchase under a long-term supply, purchase or similar agreement. However, if the **reporting issuer** is a party to such an agreement with a government or governmental authority, and participates in the operation of the **properties** in which the **oil or gas** is situated or otherwise serves as "producer" of the **reserves** (in contrast to being an independent purchaser, broker, dealer or importer), disclose separately the **reporting issuer's** interest in the **reserves** that are subject to such agreements at the **effective date** and the **net quantity of oil or gas** received by the **reporting issuer** under the agreement during the year ended on the **effective date**.
- (2) **Future net revenue** includes the portion attributable to the **reporting issuer's** interest under an agreement referred to in Instruction (1).
- (3) In the disclosure of "abandonment and reclamation costs" referred to in clause 3(b)(v) of Item 2.1 and in clause 3(b)(v) of Item 2.2 include, at minimum, **well abandonment costs**. The response to Item 6.4 will disclose total abandonment and reclamation costs and (in response to paragraph (d) of Item 6.4) the portion of total abandonment and reclamation costs, if any, not disclosed under clause 3(b)(v) of Item 2.1 and clause 3(b)(v) of Item 2.2.

PART 3 PRICING ASSUMPTIONS

Item 3.1 Constant Prices Used in Estimates

For each *product type*, disclose the benchmark reference prices for the countries or regions in which the *reporting issuer* operates, as at the last day of the *reporting issuer's* most recent financial year, reflected in the *reserves data* disclosed in response to Item 2.1.

Item 3.2 Forecast Prices Used in Estimates

- 1. For each *product type*, disclose:
 - (a) the pricing assumptions used in estimating *reserves data* disclosed in response to Item 2.2:
 - (i) for each of at least the following five financial years; and
 - (ii) generally, for subsequent periods; and

- (b) the *reporting issuer's* weighted average historical prices for the most recent financial year.
- 1. The disclosure in response to section 1 shall include the benchmark reference pricing schedules for the countries or regions in which the *reporting issuer* operates, and inflation and other forecast factors used.
- 2. If the pricing assumptions specified in response to section 1 were provided by a *qualified reserves evaluator or auditor* who is *independent* of the *reporting issuer*, disclose that fact and identify the *qualified reserves evaluator or auditor*.

INSTRUCTIONS

- (1) *Benchmark reference prices may be obtained from sources such as public product trading exchanges or prices posted by purchasers.*
- (2) *The defined terms "constant prices and costs" and "forecast prices and costs" include any 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. In effect, such contractually committed prices override benchmark reference prices for the purpose of estimating reserves data. To ensure that disclosure under this Part is not misleading, the disclosure should reflect such contractually committed prices.*
- (3) *Under subsection 5.7(1) of NI 51-101, the reporting issuer must obtain the written consent of the qualified reserves evaluator or auditor to disclose his or her identity in response to section 3 of this Item.*

PART 4 RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE

Item 4.1 Reserves Reconciliation

- 1. Provide the information specified in section 2 of this Item in respect of the following *reserves* categories:
 - (a) *net proved reserves* (in total);
 - (b) *net probable reserves* (in total); and
 - (c) *net proved plus probable reserves* (in total).
- 3. Disclose changes between the *reserves* estimates made as at the *effective date* and the corresponding estimates ("prior-year estimates") made as at the last day of the preceding financial year of the *reporting issuer*:
 - (a) by country;
 - (b) for each of the following:
 - (i) light and medium *crude oil* (combined);
 - (ii) *heavy oil*;
 - (iii) *associated gas* and *non-associated gas* (combined); and
 - (iv) *synthetic oil* and other products from non-conventional *oil and gas activities*;
 - (c) separately identifying and explaining:
 - (i) extensions;
 - (ii) improved recovery;
 - (iii) technical revisions;
 - (iv) discoveries;
 - (v) acquisitions;
 - (vi) dispositions;

- (vii) economic factors; and
- (viii) *production*.

INSTRUCTIONS

- (1) *The reconciliation required under this Item 4.1 may be provided in respect of **reserves** estimated using either **constant prices and costs** or **forecast prices and costs**, with the price and cost case indicated in the disclosure.*
- (2) *For the purpose of this Item 4.1, it is sufficient to provide the information in respect of the products specified in paragraph 2(b), excluding **solution gas**, **natural gas liquids** and other associated by-products.*
- (3) *The **COGE Handbook** provides guidance on the preparation of the reconciliation required under this Item 4.1.*

Item 4.2 Future Net Revenue Reconciliation

- 1. Provide the information specified in section 2 of this Item in respect of estimates of *future net revenue* (estimated using *constant prices and costs* and calculated using a discount rate of 10 percent) attributable to *net proved reserves* (in total).
- 2. Disclose changes between the *future net revenue* estimates referred to in section 1 made as at the *effective date* and the corresponding estimates ("prior-year estimates") made as at the last day of the preceding financial year of the *reporting issuer*.
 - (a) by country;
 - (b) separately identifying and explaining:
 - (i) sales and transfers of *oil, gas* or other *product types* produced during the period net of *production costs* and royalties;
 - (ii) net change in sales and transfer prices and in *production costs* and royalties related to future *production*;
 - (iii) changes in previously estimated *development costs* incurred during the period;
 - (iv) changes in estimated future *development costs*;
 - (v) net change resulting from extensions and improved recovery;
 - (vi) net change resulting from discoveries;
 - (vii) changes resulting from acquisitions of *reserves*;
 - (viii) changes resulting from dispositions of *reserves*;
 - (ix) net change resulting from revisions in quantity estimates;
 - (x) accretion of discount (10 percent of discounted *future net revenue* at the beginning of the financial year);
 - (xi) net change in income taxes; and
 - (xii) any other significant factors.

INSTRUCTIONS

- (1) *For the purpose of this Part 4, compute the effects of changes in prices and costs before the effects of changes in volumes, so that, in respect of **constant prices and costs**, volumes are reflected at prices as at the **effective date**.*

- (2) *Except in respect of clause 2(b)(xi) of Item 4.2, the information to be provided under this Part is pre-tax information.*
- (3) *For the purpose of clause 2(b)(xi) of Item 4.2, a "net change in income taxes" includes both income taxes incurred during the period and changes in estimated **future income tax expenses**.*

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Item 5.1 *Undeveloped Reserves*

- 1. For *proved undeveloped reserves*:
 - (a) disclose for each *product type* the volumes of *proved undeveloped reserves* that were first attributed in each of the most recent five financial years and, in the aggregate, before that time; or
 - (b) discuss generally the basis on which the *reporting issuer* attributes *proved undeveloped reserves*, its plans (including timing) for developing the *proved undeveloped reserves* and, if applicable, its reasons for not planning to develop particular *proved undeveloped reserves* during the following two years.
- 2. For *probable undeveloped reserves*:
 - (a) disclose for each *product type* the volumes of *probable undeveloped reserves* that were first attributed in each of the most recent five financial years and, in the aggregate, before that time; or
 - (b) discuss generally the basis on which the *reporting issuer* attributes *probable undeveloped reserves*, its plans (including timing) for developing the *probable undeveloped reserves* and, if applicable, its reasons for not planning to develop particular *probable undeveloped reserves* during the following two years.

Item 5.2 *Significant Factors or Uncertainties*

- 1. Identify and discuss important economic factors or significant uncertainties that affect particular components of the *reserves data*.
- 2. Section 1 does not apply if the information is disclosed in the *reporting issuer's* financial statements for the financial year ended on the *effective date*.

INSTRUCTION

*Examples of information that could warrant disclosure under this Item 5.2 include unusually high expected **development costs** or **operating costs**, the need to build a major pipeline or other major facility before **production of reserves** can begin, or contractual obligations to **produce** and sell a significant portion of **production** at prices substantially below those which could be realized but for those contractual obligations.*

Item 5.3 *Future Development Costs*

- 1. (a) Provide the information specified in paragraph 1(b) in respect of *development costs* deducted in the estimation of *future net revenue* attributable to each of the following *reserves* categories:
 - (i) *proved reserves* (in total) estimated using *constant prices and costs*;
 - (ii) *proved reserves* (in total) estimated using *forecast prices and costs*; and
 - (iii) *proved plus probable reserves* (in total) estimated using *forecast prices and costs*.
- (b) Disclose, by country, the amount of *development costs* estimated:
 - (i) in total, calculated using no discount and using a discount rate of 10 percent; and
 - (ii) by year for each of the first five years estimated.
- 2. Discuss the *reporting issuer's* expectations as to:

- (a) the sources (including internally-generated cash flow, debt or equity financing, farm-outs or similar arrangements) and costs of funding for estimated future *development costs*; and
 - (b) the effect of those costs of funding on disclosed *reserves* or *future net revenue*.
- 3. If the *reporting issuer* expects that the costs of funding referred to in section 2, could make development of a *property* uneconomic for that *reporting issuer*, disclose that expectation and its plans for the *property*.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

- 1. Identify and describe generally the *reporting issuer's* important *properties*, plants, facilities and installations:
 - (a) identifying their location (province, territory or state if in Canada or the United States, and country otherwise);
 - (b) indicating whether they are located onshore or offshore;
 - (c) in respect of *properties* to which *reserves* have been attributed and which are capable of *producing* but which are not *producing*, disclosing how long they have been in that condition and discussing the general proximity of pipelines or other means of transportation; and
 - (d) describing any statutory or other mandatory relinquishments, surrenders, back-ins or changes in ownership.
- 2. State, separately for *oil* wells and *gas* wells, the number of the *reporting issuer's* producing wells and non-producing wells, expressed in terms of both *gross* wells and *net* wells, by location (province, territory or state if in Canada or the United States, and country otherwise).

Item 6.2 Properties With No Attributed Reserves

- 1. For *unproved properties* disclose:
 - (a) the *gross* area (acres or hectares) in which the *reporting issuer* has an interest;
 - (b) the interest of the *reporting issuer* therein expressed in terms of net area (acres or hectares);
 - (c) the location, by country; and
 - (d) the existence, nature (including any bonding requirements), timing and cost (specified or estimated) of any work commitments.
- 2. Disclose, by country, the *net* area (acres or hectares) of *unproved property* for which the *reporting issuer* expects its rights to explore, develop and exploit to expire within one year.

Item 6.3 Forward Contracts

- 1. If the *reporting issuer* is bound by an agreement (including a transportation agreement), directly or through an aggregator, under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for *oil* or *gas*, describe generally the agreement, discussing dates or time periods and summaries or ranges of volumes and contracted or reasonably estimated values.
- 2. Section 1 does not apply to agreements disclosed by the *reporting issuer*
 - (a) as financial instruments, in accordance with Section 3860 of the *CICA Handbook*; or
 - (b) as contractual obligations or commitments, in accordance with Section 3280 of the *CICA Handbook*.
- 3. If the *reporting issuer's* transportation obligations or commitments for future physical deliveries of *oil* or *gas* exceed the *reporting issuer's* expected related future *production* from its *proved reserves*, estimated using *forecast prices and costs* and disclosed under Part 2, discuss such excess, giving information about the amount of the excess, dates or time periods, volumes and reasonably estimated value.

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

In respect of abandonment and reclamation costs for surface *leases*, wells, facilities and pipelines, disclose:

- (a) how the *reporting issuer* estimates such costs;
- (b) the number of *net* wells for which the *reporting issuer* expects to incur such costs;
- (c) the total amount of such costs, net of estimated salvage value, expected to be incurred, calculated without discount and using a discount rate of 10 percent;
- (d) the portion, if any, of the amounts disclosed under paragraph (c) of this Item 6.4 that was not deducted as abandonment and reclamation costs in estimating the *future net revenue* disclosed under Part 2; and
- (e) the portion, if any, of the amounts disclosed under paragraph (c) of this Item 6.4 that the *reporting issuer* expects to pay in the next three financial years, in total.

INSTRUCTION

*Item 6.4 supplements the information disclosed in response to clause 3(b)(v) of Item 2.1 and clause 3(b)(v) of Item 2.2. The response to paragraph (d) of Item 6.4 should enable a reader of this statement and of the **reporting issuer's** financial statements for the financial year ending on the **effective date** to understand both the **reporting issuer's** estimated total abandonment and reclamation costs, and what portions of that total are, and are not, reflected in the disclosed **reserves data**.*

Item 6.5 Tax Horizon

If the *reporting issuer* is not required to pay income taxes for its most recently completed financial year, discuss its estimate of when income taxes may become payable.

Item 6.6 Costs Incurred

- 1. Disclose each of the following, by country, for the most recent financial year (irrespective of whether such costs were capitalized or charged to expense when incurred):
 - (a) *property acquisition costs*, separately for *proved properties* and *unproved properties*;
 - (b) *exploration costs*; and
 - (c) *development costs*.
- 2. For the purpose of this Item 6.6, if the *reporting issuer* files financial statements in which investments are accounted for by the equity method, disclose by country the *reporting issuer's* share of investees' (i) *property acquisition costs*, (ii) *exploration costs* and (iii) *development costs* incurred in the most recent financial year.

Item 6.7 Exploration and Development Activities

- 1. Disclose, by country and separately for *exploratory wells* and *development wells*:
 - (a) the number of *gross wells* and *net wells* completed in the *reporting issuer's* most recent financial year; and
 - (b) for each category of wells for which information is disclosed under paragraph (a), the number completed as *oil wells*, *gas wells* and *service wells* and the number that were dry holes.
- 2. Describe generally the *reporting issuer's* most important current and likely exploration and development activities, by country.

Item 6.8 Production Estimates

- 1. Disclose, by country, for each *product type*, the volume of *production* estimated for the first year reflected in the estimates of *future net revenue* disclosed under Items 2.1 and 2.2.

2. If one *field* accounts for 20 percent or more of the estimated *production* disclosed under section 1, identify that *field* and disclose the volume of *production* estimated for the *field* for that year.

Item 6.9 Production History

1. To the extent not previously disclosed in financial statements filed by the *reporting issuer*, disclose, for each quarter of its most recent financial year, by country for each *product type*:
 - (a) the *reporting issuer's* share of average daily *production* volume, before deduction of royalties; and
 - (b) as an average per unit of volume (for example, \$/bbl or \$/Mcf):
 - (i) the prices received;
 - (ii) royalties paid;
 - (iii) *production costs*; and
 - (iv) the resulting netback.
2. For each important *field*, and in total, disclose the *reporting issuer's production* volumes for the most recent financial year, for each *product type*.

INSTRUCTION

In providing information for each **product type** for the purpose of Item 6.9, it is not necessary to allocate among multiple **product types** attributable to a single well, **reservoir** or other **reserves** entity. It is sufficient to provide the information in respect of the principal **product type** attributable to the well, **reservoir** or other **reserves** entity.

**FORM 51-101F2
REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES
EVALUATOR OR AUDITOR**

This is the form referred to in item 2 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.¹
2. The report on *reserves data* referred to in item 2 of section 2.1 of *NI 51-101*, to be executed by one or more *qualified reserves evaluators or auditors independent of the reporting issuer*, shall in all material respects be as follows:

Report on Reserves Data

To the board of directors of [name of reporting issuer] (the "Company"):

1. We have [audited] [evaluated] [and reviewed] the Company's reserves data as at [last day of the reporting issuer's most recently completed financial year]. The reserves data consist of the following:
 - (a)
 - (i) proved and proved plus probable oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
 - (b)
 - (i) proved oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using constant prices and costs; and
 - (ii) the related estimated future net revenue.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our [audit] [evaluation] [and review].

We carried out our [audit] [evaluation] [and review] in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).
3. Those standards require that we plan and perform an [audit] [evaluation] [and review] to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An [audit] [evaluation] [and review] also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company [audited] [evaluated] [and reviewed] by us for the year ended xxx xx, 20xx, and identifies the respective portions thereof that we have [audited] [evaluated] [and reviewed] and reported on to the Company's [management/board of directors]:

¹ For the convenience of readers, Appendix 1 to Companion Policy 51-101CP sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101*, *Form 51-101F1*, *Form 51-101F3* or the Companion Policy.

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of [Audit/ Evaluation/ Review] Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
Evaluator A	xxx xx, 20xx	xxxx	\$xxx	\$xxx	\$xxx	\$xxx
Evaluator B	xxx xx, 20xx	xxxx	xxx	xxx	xxx	xxx
Totals			<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx²</u>

5. In our opinion, the reserves data respectively [audited] [evaluated] by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Evaluator A, City, Province or State / Country, Execution Date

[signed]

Evaluator B, City, Province or State / Country, Execution Date

[signed]

² This amount should be the amount disclosed by the *reporting issuer* in its statement of *reserves data* filed under item 1 of section 2.1 of *NI 51-101*, as its *future net revenue* (before deducting *future income tax expenses*) attributable to *proved* plus *probable reserves*, estimated using *forecast prices and costs* and calculated using a discount rate of 10 percent (required by section 2 of Item 2.2 of *Form 51-101F1*).

**FORM 51-101F3
REPORT OF
MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE**

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). This form does not apply in British Columbia.

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.¹
2. The report referred to in item 3 of section 2.1 of *NI 51-101* shall in all material respects be as follows:

**Report of Management and Directors
on Reserves Data and Other Information**

Management of [name of reporting issuer] (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

- (a)
 - (i) proved and proved plus probable oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
- (b)
 - (i) proved oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using constant prices and costs; and
 - (ii) the related estimated future net revenue.

[An] independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [has / have] [audited] [evaluated] [and reviewed] the Company's reserves data. The report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [is presented below / will be filed with securities regulatory authorities concurrently with this report].

The [Reserves Committee of the] board of directors of the Company has

- (a) reviewed the Company's procedures for providing information to the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]];
- (b) met with the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to determine whether any restrictions affected the ability of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] to report without reservation [and, because of the proposal to change the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]], to inquire whether there had been disputes between the previous independent [qualified reserves evaluator[s] or qualified reserves auditor[s] and management]; and
- (c) reviewed the reserves data with management and the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]].

The [Reserves Committee of the] board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has [, on the recommendation of the Reserves Committee,] approved

- (a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (b) the filing of the report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] on the reserves data; and
- (c) the content and filing of this report.

¹ For the convenience of readers, Appendix 1 to Companion Policy 51-101CP sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101*, *Form 51-101F1*, *Form 51-101F2* or the Companion Policy.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

[signature, name and title of chief executive officer]

[signature, name and title of a senior officer other than the chief executive officer]

[signature, name of a director]

[signature, name of a director]

[Date]

**COMPANION POLICY 51-101CP
STANDARDS OF DISCLOSURE
FOR OIL AND GAS ACTIVITIES**

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**COMPANION POLICY 51-101CP
STANDARDS OF DISCLOSURE
FOR OIL AND GAS ACTIVITIES**

This Companion Policy sets out the views of the Canadian Securities Administrators (the "CSA") as to the interpretation and application of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and related forms, and how the *securities regulatory authorities* or *regulators* may exercise their discretion in respect of certain applications for exemption from provisions of NI 51-101¹.

PART 1 APPLICATION AND TERMINOLOGY

1.1 Supplements Other Requirements - NI 51-101 supplements other continuous disclosure requirements of *securities legislation* that apply to *reporting issuers* in all business sectors.

1.2 Materiality Standard - Section 1.4 of NI 51-101 states that NI 51-101 applies only in respect of information that is *material*.

NI 51-101 does not require any disclosure or filing of information that is not *material*. If information is not required to be disclosed because it is not *material*, it is unnecessary to disclose that fact.

Materiality for the purposes of NI 51-101 is a matter of judgement to be made in light of the circumstances, taking into account both qualitative and quantitative factors, assessed in respect of the *reporting issuer* as a whole.

The reference in subsection 1.4(2) of NI 51-101 to a "reasonable investor" denotes an objective test: would a notional investor, broadly representative of investors generally and guided by reason, be likely to be influenced, in making an investment decision to buy, sell or hold a security of a *reporting issuer*, by an item of information or an aggregate of items of information? If so, then that item of information, or aggregate of items, is "*material*" in respect of that *reporting issuer*.

This concept of *materiality* is consistent with the concept of *materiality* applied in connection with financial reporting pursuant to the *CICA Handbook*.

1.3 When Does NI 51-101 First Apply to a Reporting Issuer? - Part 9 of NI 51-101 specifies both the date on which NI 51-101 comes into force (section 9.1) and the timing of its first application to a *reporting issuer* (section 9.2). The two dates differ.

NI 51-101 comes into force on September 30, 2003. That does not, however, itself trigger any immediate filing or other requirements for *reporting issuers*.

Section 9.2 of NI 51-101 in effect establishes a transition period after NI 51-101 comes into force, during which *reporting issuers* are expected to prepare for compliance with NI 51-101. The date on which they first become subject to the requirements of NI 51-101 will vary depending on their financial year-ends and, in some cases, on whether or not they choose to enter the NI 51-101 disclosure system earlier than required. *Reporting issuers* may voluntarily comply with NI 51-101 before they are required to do so.

The first mandatory annual filings under Part 2 of NI 51-101 will be due at the same time as a *reporting issuer* is required to file its audited annual financial statements for its financial year that includes, or ends on, December 31, 2003. Those first annual *oil* and *gas* filings will include *reserves data* and other information that must be prepared as at the last day of that financial year and for that financial year. Some of this information will date back to the beginning of that financial year.

Because prospectus disclosure requirements include information relating to *oil and gas activities*, and because a prospectus filed between 90 and 140 days after the end of a *reporting issuer's* financial year can trigger an accelerated filing of annual financial statements before the usual deadline, the filing of a prospectus during that interval in 2004 could also accelerate the *reporting issuer's* first filing obligations under NI 51-101.

¹ For the convenience of readers, the Appendix to Companion Policy 51-101CP sets out the meanings of terms that are printed in italics in NI 51-101, Form 51-101F1, Form 51-101F2 or Form 51-101F3, or in this Companion Policy (other than terms italicized in titles of documents, or in the texts of reports set out in Part 8, that are printed entirely in italics).

The other provisions of *NI 51-101*, including requirements relating to public disclosure generally and to material change² disclosure in particular, will apply to a *reporting issuer* only after it has filed its first annual *oil* and *gas* disclosure under Part 2, or the deadline for that filing, whichever is earlier.

A *reporting issuer* may voluntarily make its first annual filing under Part 2 of *NI 51-101* earlier than the deadlines noted below, and may do so in respect of a financial year earlier than noted below. The other provisions of *NI 51-101* would begin to apply to the *reporting issuer* at the time of that voluntary early filing.

The following examples, summarized in the table below, illustrate the effect of Part 9 (assuming a 140-day annual financial statement filing deadline, and no earlier voluntary or prospectus-triggered transition to *NI 51-101*):

- A *reporting issuer* with a financial year that coincides with the calendar year, and with an annual financial statement filing period of 140 days after year-end, will be required to make its first annual *oil* and *gas* disclosure filing under Part 2 in the first 140 days of 2004, by May 19, 2004. The *reserves data* and other information included in that filing must be prepared as at December 31, 2003 and for the year ended on that date.

The other provisions of *NI 51-101* will begin to apply to the *reporting issuer* as soon as it makes its first filing under Part 2, or on May 19, 2004, whichever occurs first.

- A *reporting issuer* with a financial year that ends on June 30 will be required to make its first annual *oil* and *gas* disclosure filing under Part 2 within 140 days after June 30, 2004, by November 17, 2004. The *reserves data* and other information included in that filing must be prepared as at June 30, 2004 and for the financial year ended on that date.

The other provisions of *NI 51-101* will begin to apply to the *reporting issuer* as soon as it makes its first filing under Part 2, or on November 17, 2004, whichever occurs first.

<u>Financial Year-End</u>	<u>First Annual Filing Deadline</u>
December 31	May 19, 2004 (data for the year ended <u>December 31, 2003</u>)
June 30	November 17, 2004 (data for the year ended <u>June 30, 2004</u>)

- * Note that any change from the 140-day annual financial statement filing deadline would also change the filing deadline under Part 2 of *NI 51-101*.

Because the first annual filing must include certain information from the beginning of the financial year for which disclosure is required, as well as certain information for prior periods, *reporting issuers* should familiarize themselves with *NI 51-101* and begin gathering information well before *NI 51-101* applies to them.

1.4 **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 Glossary in Appendix 1 to this Companion Policy set out definitions and interpretations, many of which are derived from the *COGE Handbook*. *Reserves* definitions and categories developed by the Petroleum Society of the Canadian Institute of Mining, Metallurgy & Petroleum (CIM), are incorporated in the *COGE Handbook* and set out, in part, in Part 2 of Appendix 1 to this Companion Policy.

Subparagraph 4.2(1)(a)(ii) of *NI 51-101* requires that all filed estimates of *reserves* or *future net revenue* have been prepared or *audited* in accordance with the *COGE Handbook*. Under sections 5.2 and 5.3 of *NI 51-101*, all types of public *oil* and *gas* disclosure, including disclosure of reserves and resources must be consistent with the *COGE Handbook*.

² "Material change" has the meaning ascribed to the term under *securities legislation* in the *jurisdiction*.

1.5 **Qualified Reserves Evaluator or Auditor**

The definitions of *qualified reserves evaluator* and *qualified reserves auditor* are set out in subsections 1.1(y) and 1.1(x) of *NI 51-101*, respectively, and again in the Glossary in Appendix 1 to this Companion Policy.

The defined terms "*qualified reserves evaluator*" and "*qualified reserves auditor*" have a number of elements. A *qualified reserves evaluator* or *qualified reserves auditor* must

- possess professional qualifications and experience appropriate for the tasks contemplated in the *Instrument*, and
- be a member in good standing of a *professional organization*.

Reporting issuers should satisfy themselves that any person they appoint to perform the tasks of a *qualified reserves evaluator* or *auditor* for the purpose of the *Instrument* satisfies each of the elements of the appropriate definition.

(a) **Relevant Professional Qualifications and Experience**

In addition to having the relevant professional qualifications, a *qualified reserves evaluator* or *auditor* must also have sufficient practical experience relevant to the *reserves data* to be reported on. In assessing the adequacy of practical experience, reference should be made to section 3 of the *COGE Handbook* - "Qualifications of Evaluators and Auditors, Enforcement and Discipline".

(b) **Professional Organization**

For the purposes of the *Instrument*, a *qualified reserves evaluator* or *auditor* must also be a member in good standing with a self-regulatory *professional organization* of engineers, geologists, geoscientists or other professionals.

The definition of "*professional organization*" (in subsection 1.1(w) of *NI 51-101* and in the Glossary in Appendix 1 to this Companion Policy) has four elements, three of which deal with the basis on which the organization accepts members and its powers and requirements for continuing membership. The fourth element requires either authority or recognition given to the organization by a statute in Canada, or acceptance of the organization by the *securities regulatory authority* or *regulator*.

Each of the following organizations in Canada is a *professional organization* as at the date *NI 51-101* comes into force:

- Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA)
- Association of Professional Engineers and Geoscientists of the Province of British Columbia (APEGBC)
- Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS)
- Association of Professional Engineers and Geoscientists of Manitoba (APEGM)
- Association of Professional Geoscientists of Ontario (APGO)
- Professional Engineers of Ontario (PEO)
- Ordre des ingénieurs du Québec (OIQ)
- Ordre des Géologues du Québec (OGQ)
- Association of Professional Engineers of Prince Edward Island (APEPEI)
- Association of Professional Engineers and Geoscientists of New Brunswick (APEGNB)
- Association of Professional Engineers of Nova Scotia (APENS)
- Association of Professional Engineers and Geoscientists of Newfoundland (APEGN)
- Association of Professional Engineers of Yukon (APEY)

- Association of Professional Engineers, Geologists & Geophysicists of the Northwest Territories (NAPEGG) (representing the Northwest Territories and Nunavut Territory)

(i) **Other Professional Organizations?**

The CSA are willing to consider whether particular foreign professional bodies should be accepted as "*professional organizations*" for the purposes of *NI 51-101*. A *reporting issuer*, foreign professional body or other interested person can apply to have a self-regulatory organization that satisfies the first three elements of the definition of "*professional organization*" accepted for the purposes of *NI 51-101*.

In considering any such application for acceptance, the *securities regulatory authority* or *regulator* is likely to take into account the degree to which a foreign professional body's authority or recognition, admission criteria, standards and disciplinary powers and practices are similar to, or differ from, those of organizations listed above.

The CSA may from time to time determine that it is appropriate to expand or revise the list of *professional organizations* and publish notice of such changes.

(ii) **No Professional Organization?**

A *reporting issuer* or other person may apply for an exemption under Part 8 of *NI 51-101* to enable a *reporting issuer* to appoint, in satisfaction of its obligation under section 3.2 of *NI 51-101*, an individual who is not a member of a *professional organization*, but who has other satisfactory qualifications and experience. Such an application might refer to a particular individual or generally to members and employees of a particular foreign *reserves* evaluation firm. In considering any such application, the *securities regulatory authority* or *regulator* is likely to take into account the individual's professional education and experience or, in the case of an application relating to a firm, to the education and experience of the firm's members and employees, evidence concerning the opinion of a *qualified reserves evaluator or auditor* as to the quality of past work of the individual or firm, and any prior relief granted or denied in respect of the same individual or firm.

(iii) **Renewal Applications Unnecessary**

A successful applicant would likely have to make an application contemplated in this section 1.5 only once, and not renew it annually.

1.6 Oil Sands and Other Non-Conventional Activities - *NI 51-101* applies not only to conventional *oil and gas activities*, but also to non-conventional activities such as the extraction of *bitumen* from oil sands with a view to the production of *synthetic oil*, the in situ production of *bitumen* and the extraction of methane from coal beds.

Although *NI 51-101* and *Form 51-101F1* make few specific references to non-conventional *oil and gas activities*, the CSA are of the view that the requirements of *NI 51-101* for the preparation and disclosure of *reserves data* apply to *oil and gas reserves* relating to oil sands, shale, coal or other non-conventional sources of hydrocarbons. The CSA encourage *reporting issuers* that are engaged in non-conventional *oil and gas activities* to supplement the disclosure prescribed in *NI 51-101* and *Form 51-101F1* with information specific to those activities that can assist investors and others in understanding the business and results of the *reporting issuer*. In particular, the CSA encourage *reporting issuers* engaged in *oil and gas activities* that involve mining to consider the following when making disclosure about those activities:

- in respect of financial disclosure, *CICA Handbook* guidance for mining activities; and
- in respect of technical aspects of mine development and operations, National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and *Form 43-101F1 Technical Report*.

1.7 Use of Information - The requirements under *NI 51-101* for the filing with *securities regulatory authorities* of information relating to *oil and gas activities* are designed in part to assist the public and analysts in making investment decisions and recommendations.

The CSA encourage registrants³ and other persons and companies that wish to make use of information concerning *oil and gas activities* of a *reporting issuer*, including *reserves data*, to review the information filed on SEDAR under *NI 51-101* by the *reporting issuer* and, if they are summarizing or referring to this information, to use the applicable terminology consistent with *NI 51-101* and the *COGE Handbook*.

³ "Registrant" has the meaning ascribed to the term under *securities legislation* in the *jurisdiction*.

PART 2 ANNUAL FILING REQUIREMENTS

2.1 Annual Filings on SEDAR - The information required under section 2.1 of *NI 51-101* must be filed electronically on *SEDAR*. Consult National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* and the current CSA "SEDAR Filer Manual" for information about filing documents electronically.

2.2 Inapplicable or Immaterial Information - Section 2.1 of *NI 51-101* does not require the filing of any information, even if specified in *NI 51-101* or in a form referred to in *NI 51-101*, if that information is inapplicable or not *material* in respect of the *reporting issuer*. See section 1.2 of this Companion Policy for a discussion of *materiality*.

If an item of prescribed information is not disclosed because it is inapplicable or immaterial, it is unnecessary to state that fact or to make reference to the disclosure requirement.

2.3 Use of Forms - Section 2.1 of *NI 51-101* requires the annual filing of information set out in *Form 51-101F1* and reports in accordance with *Form 51-101F2* and *Form 51-101F3*.

NI 51-101 and the instructions in *Form 51-101F1*, give the *reporting issuer* considerable flexibility in presenting this information, provided that all required information is filed. It is not necessary to identify any of the information by form name, number or title, to include the headings or numbering used in a form, or to follow the ordering of items used in the forms. (Appendix 2 to this Companion Policy provides an example of how certain of the *reserves data* might be presented.)

The information specified in all three forms, or any two of the forms, can be combined in a single document. A *reporting issuer* may wish to include statements indicating the relationship between documents or parts of one document. For example, the *reporting issuer* may wish to accompany the report of the *independent qualified reserves evaluator or auditor (Form 51-101F2)* with a reference to the *reporting issuer's* disclosure of the *reserves data (Form 51-101F1)*, and vice versa.

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.

2.4 Annual Information Form - Section 2.3 of *NI 51-101* permits *reporting issuers* to satisfy the requirements of section 2.1 of *NI 51-101* by presenting the information required under section 2.1 in an *annual information form*.

(a) Meaning of "Annual Information Form"

The *annual information form* can be in *Form 44-101F1 AIF* if it is a "current AIF" under National Instrument 44-101 *Short Form Prospectus Distributions*, or if it is filed for other purposes such as Ontario Securities Commission Rule 51-501 *AIF and MD&A*, section 159 of the Regulation under the *Securities Act* (Québec) or Multilateral Instrument 45-102 *Resale of Securities*. The *annual information form* can also be a current annual report on *Form 10-K* or *Form 20-F* under the *1934 Act*, if the *reporting issuer* is eligible to file such a report under *NI 44-101*.

Some or all of the current domestic forms of *annual information form* may be superseded by a new form under proposed National Instrument 51-102 *Continuous Disclosure Obligations*. If so, such new form would likely be acceptable as an "annual information form" for the purposes of *NI 51-101*. The CSA will give public notice of such change.

(b) Option to Set Out Information in Annual Information Form

All types of domestic *annual information form* will likely require the inclusion of the information required under section 2.1 of *NI 51-101*, either by setting out the text of the information or by incorporating it, by reference, from separately filed documents. The option offered by section 2.3 of *NI 51-101* enables a *reporting issuer* to satisfy its obligations under section 2.1 of *NI 51-101*, as well as its obligations in respect of *annual information form* disclosure, by setting out the information required under section 2.1 only once, in the *annual information form*. If the *annual information form* is on *Form 10-K*, this can be accomplished by including the information in a supplement (often referred to as a "wrapper") to the *Form 10-K*.

A *reporting issuer* that elects to set out in full in its *annual information form* the information required by section 2.1 of *NI 51-101* need not also file that information again for the purpose of section 2.1 in one or more separate documents. 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*. This notification (which could be a copy of the news release mandated by section 2.2 of

NI 51-101) will assist other *SEDAR* users in finding that information. It is not necessary to make a duplicate filing of the *annual information form* itself under the *SEDAR NI 51-101 oil and gas* disclosure category.

- 2.5 Reservations in Report of Independent Qualified Reserves Evaluator or Auditor** - A report of an *independent qualified reserves evaluator or auditor* on *reserves data* will not satisfy the requirements of item 2 of section 2.1 of *NI 51-101* if the report contains a *reservation*, the cause of which can be removed by the *reporting issuer* (subsection 2.4(2) of *NI 51-101*).

The CSA do not generally consider time and cost considerations to be causes of a *reservation* that cannot be removed by the *reporting issuer*.

A report containing a *reservation* may be acceptable if the *reservation* is caused by a limitation in the scope of the *evaluation* or *audit* resulting from an event that clearly limits the availability of necessary records and which is beyond the control of the *reporting issuer*. This could be the case if, for example, necessary records have been inadvertently destroyed and cannot be recreated or if necessary records are in a country at war and access is not practicable.

One potential source of *reservations*, which the CSA consider can and should be addressed in a different way, could be reliance by a *qualified reserves evaluator or auditor* on information derived or obtained from a *reporting issuer's* independent financial auditors or reflecting their report. As discussed in section 4.4 of this Companion Policy, the CSA recommend that *qualified reserves evaluators or auditors* follow the procedures and guidance set out in both sections 4.5 and 12.6 of the *COGE Handbook* in respect of dealings with independent financial auditors. In so doing, the CSA expect that the quality of *reserves data* can be enhanced and a potential source of *reservations* can be eliminated.

- 2.6 Negative Assurance by Qualified Reserves Evaluator or Auditor** - A *qualified reserves evaluator or auditor* conducting a *review* may wish to express only negative assurance -- for example, in a statement such as "Nothing has come to my attention which would indicate that the reserves data have not been prepared in accordance with principles and definitions presented in the Canadian Oil and Gas Evaluation Handbook". This can be contrasted with a positive statement such as an opinion that "The reserves data have, in all material respects, been determined and presented in accordance with the Canadian Oil and Gas Evaluation Handbook and are, therefore, free of material misstatement".

The CSA are of the view that statements of negative assurance can be misinterpreted as providing a higher degree of assurance than is intended or warranted.

The CSA believe that a statement of negative assurance would constitute so material a departure from the report prescribed in *Form 51-101F2* as to fail to satisfy the requirements of item 2 of section 2.1 of *NI 51-101*.

The *COGE Handbook* may address the issue of negative assurance in connection with evolving standards for *reviews* of *reserves data*. The CSA will consider any such developments and may, in consequence, reassess the views expressed above.

- 2.7 Royalty Interest in Reserves** - *Net reserves* (or "company *net reserves*") of a *reporting issuer* include its royalty interest in *reserves*.

If a *reporting issuer* cannot obtain the information it requires to enable it to include a royalty interest in *reserves* in its disclosure of *net reserves*, it should, proximate to its disclosure of *net reserves*, disclose that fact and its corresponding royalty interest share of *oil and gas production* for the year ended on the *effective date*.

- 2.8 Government Restriction on Disclosure** - If, because of a restriction imposed by a government or governmental authority having jurisdiction over a *property*, a *reporting issuer* excludes *reserves* information from its *reserves data* disclosed under *NI 51-101*, the disclosure should include a statement that identifies the *property* or country for which the information is excluded and explains the exclusion.

- 2.9 Additional Information** - As discussed in section 2.3 above and in the instructions to *Form 51-101F1*, *NI 51-101* offers considerable flexibility in the use of the prescribed forms and the presentation of required information.

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

To the extent that additional, or more detailed, disclosure can be expected to assist readers in understanding and assessing the mandatory disclosure, it is encouraged. Indeed, to the extent that additional disclosure of material facts is necessary in order to make mandated disclosure not misleading, a failure to provide that additional disclosure would amount to a misrepresentation.

- 2.10 Sample Reserves Data Disclosure** - Appendix 2 to this Companion Policy sets out an example of how certain of the *reserves data* might be presented in a manner which the CSA consider to be consistent with *NI 51-101* and *Form 51-101F1*.

The sample presentation in Appendix 2 also illustrates how certain additional information not mandated under *Form 51-101F1* might be incorporated in an annual filing.

The sample presentation in Appendix 2 is provided by way of illustration only, and is not mandatory. However, the CSA urge *reporting issuers* to review Appendix 2 and consider whether a similar presentation might be helpful for their investors.

PART 3 RESPONSIBILITIES OF REPORTING ISSUERS AND DIRECTORS

- 3.1 Reserves Committee** - Section 3.4 of *NI 51-101* enumerates certain responsibilities of the board of directors of a *reporting issuer* in connection with the preparation of *oil and gas* disclosure.

The CSA believe that certain of these responsibilities can in many cases more appropriately be fulfilled by a smaller group of directors who bring particular experience or abilities and an independent perspective to the task.

Subsection 3.5(1) of *NI 51-101* permits a board of directors to delegate responsibilities (other than the responsibility to approve the content or filing of certain documents) to a committee of directors, a majority of whose members are independent of management. Although subsection 3.5(1) is not mandatory, the CSA encourage *reporting issuers* and their directors to adopt this approach.

- 3.2 Responsibility for Disclosure** - *NI 51-101* requires the involvement of an *independent qualified reserves evaluator or auditor* in preparing or reporting on certain *oil and gas* information disclosed by a *reporting issuer*, and in section 3.2 mandates the appointment of an *independent qualified reserves evaluator or auditor* to report on *reserves data*.

The CSA do not intend or believe that the involvement of an *independent qualified reserves evaluator or auditor* relieves the *reporting issuer* of responsibility for information disclosed by it for the purposes of *NI 51-101*.

PART 4 MEASUREMENT

- 4.1 Forecast Prices and Costs** - *Forecast prices and costs* are discussed in the *COGE Handbook*. Except to the extent that the *reporting issuer* is legally bound by fixed or presently determinable future prices or costs, *forecast prices and costs* are future prices and costs "generally recognized as being a reasonable outlook on the future".

The CSA do not consider that future prices or costs would satisfy this requirement if they fall outside the range of forecasts of comparable prices or costs used, as at the same date, for the same future period, by major *independent qualified reserves evaluators or auditors*.

- 4.2 Constant Prices and Costs** - *Constant prices and costs* are based on the *reporting issuer's* prices and costs as of the *effective date* of the estimate being made (generally, for the purpose of the estimates to be filed under section 2.1 of *NI 51-101*, as at the *reporting issuer's* financial year-end). 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); see also section 4.3 of this Companion Policy.

- 4.3 Financial Instruments** - The definitions of "*constant prices and costs*" and "*forecast prices and costs*" in subsections 1.1(g) and (j) of *NI 51-101* and in the Glossary in Appendix 1 to this Companion Policy refer to fixed or presently determinable future prices to which a *reporting issuer* is legally bound by a contractual or other obligation to supply a physical product. The phrase "contractual or other obligation to supply a physical product" excludes arrangements under which the *reporting issuer* can satisfy its obligations in cash and would therefore exclude an arrangement that would be a "financial instrument" as defined in Section 3860 of the *CICA Handbook*. The *CICA Handbook* discusses when a *reporting issuer's* obligation would be considered a financial instrument and sets out the requirements for presentation and disclosure of these financial instruments (including so-called financial hedges) in the *reporting issuer's* financial statements.

- 4.4 Reserves Estimation Methods** - The *COGE Handbook* sets out target levels of certainty for estimates of primary categories of total *reserves* for the *reporting issuer* as a whole. For example, there is to be at least a 90 percent probability that the total remaining quantities of *oil* and *gas* to be recovered will equal or exceed the estimated total *proved reserves*. (See Part 2 of Appendix 1.)

Section 5.4.3 of the *COGE Handbook* states "In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods".

When deterministic methods are used, because of the absence of a "mathematically derived quantitative measure of probability", the classification of *reserves* is based on professional judgement as to the quantitative measure of certainty attained.

- 4.5 Consistency of Timing** - Subsection 4.2(2) of *NI 51-101* requires consistency in the timing of recording the effects of events or transactions for the purposes of both annual financial statements and annual *reserves data* disclosure.

To ensure that the effects of events or transactions are recorded, disclosed or otherwise reflected consistently (in respect of timing) in all public disclosure, a *reporting issuer* will wish to ensure that both its financial auditors and its *qualified reserves evaluators or auditors*, as well as its directors, are kept apprised of relevant events and transactions, and to facilitate communication between its financial auditors and its *qualified reserves evaluators or auditors*.

Sections 4.5 and 12.6 of the *COGE Handbook* set out procedures and guidance for the conduct of *reserves evaluations* and *reserves audits*, respectively. Section 12.6 deals with the relationship between a *reserves auditor* and the client's financial auditor. Section 4.5, in connection with *reserves evaluations*, deals somewhat differently with the relationship between the *qualified reserves evaluator or auditor* and the client's financial auditor. The CSA recommend that *qualified reserves evaluators or auditors* carry out the procedures discussed in both sections 4.5 and 12.6 of the *COGE Handbook*, whether conducting a *reserves evaluation* or a *reserves audit*.

PART 5 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

- 5.1 Scope of Part 5 of NI 51-101** - Part 5 of *NI 51-101* imposes requirements and restrictions that apply to all "disclosure" (or, in some cases, all written disclosure) of a type described in section 5.1 of *NI 51-101*. Section 5.1 refers to disclosure that is either:

- filed by a *reporting issuer* with the *securities regulatory authority*; or
- if not filed, otherwise made to the public or made in circumstances in which, at the time of making the disclosure, the *reporting issuer* expects, or ought reasonably to expect, the disclosure to become available to the public.

As such, Part 5 applies to a broad range of disclosure including:

- the annual filings required under Part 2 of *NI 51-101*;
- other continuous disclosure filings, including material change reports (which themselves may also be subject to Part 6 of *NI 51-101*);
- public disclosure documents, whether or not filed, including news releases;
- public disclosure made in connection with a distribution of securities, including a prospectus; and
- except in respect of provisions of Part 5 that apply only to written disclosure, public speeches and presentations made by representatives of the *reporting issuer* on behalf of the *reporting issuer*.

For these purposes, the CSA consider written disclosure to include any writing, map, plot or other printed representation whether produced, stored or disseminated on paper or electronically.

To ensure compliance with the requirements of Part 5, the CSA encourage *reporting issuers* to involve a *qualified reserves evaluator or auditor*, or other person who is familiar with *NI 51-101* and the *COGE Handbook*, in the preparation, review or approval of all such *oil* and *gas* disclosure.

- 5.2 Written Consents** - Section 5.7 of *NI 51-101* restricts a *reporting issuer's* use of a report of a *qualified reserves evaluator or auditor* without written consent. The consent requirement does not apply to the direct use of the report for the purposes of *NI 51-101* (filing the report under item 2 of section 2.1; making direct or indirect reference to the

conclusions of that report in the statement filed under item 1 of section 2.1 and in the report of management and directors filed under item 3 of section 2.1; and identifying the report in the mandatory news release under section 2.2). The *qualified reserves evaluator or auditor* retained to report to a *reporting issuer* for the purposes of *NI 51-101* is expected to anticipate these uses of the report. However, further use of the report (for example, in a securities offering document or in other news releases) would require written consent.

5.3 Estimates of Fair Value - Section 5.10 of *NI 51-101* sets out requirements applicable to disclosure of certain estimates of fair value -- for example, an estimate of fair value of an *oil* and *gas prospect*.

Such an estimate must, unless paragraph 5.10(2)(a) applies, satisfy the requirements of paragraph 5.10(2)(b), which among other things requires that the estimate be prepared or accepted by a professional valuator. The CSA do not consider that such an estimate would be an appropriate basis for disclosure if it is prepared or accepted as at a date more than six months before the date of the disclosure.

Under subparagraph 5.10(2)(b)(ii), the estimate must consist of at least three values that reflect a range of reasonable likelihoods (the low value reflecting a conservative estimate, the middle value being the median estimate, and the high value being an optimistic estimate) such values being estimated by a professional valuator in accordance with applicable professional standards based on the course of action that the valuator reasonably expects the *reporting issuer* to follow.

In circumstances in which paragraph 5.10(2)(b) applies, in order to ensure that the *reporting issuer* is not making public disclosure of misleading information, the CSA expect the *reporting issuer* to provide all relevant information to the valuator to enable the valuator to prepare the estimate and provide the report referred to in that paragraph.

5.4 Negative Assurance - As discussed in section 2.6 of this Companion Policy, the CSA are of the view that a report of a *qualified reserves evaluator or auditor* that is based on or conveys only negative assurance can be misinterpreted as providing a higher degree of assurance than is intended or warranted.

The CSA believe that *reporting issuers* should avoid making any public disclosure of, or based on, a report that conveys only negative assurance.

In the rare case, if any, in which there are compelling reasons for making such disclosure, the CSA believe that, to avoid providing information that could be misleading, the *reporting issuer* should include in such disclosure useful explanatory and cautionary statements. Such statements should explain the limited nature of the work undertaken by the *qualified reserves evaluator or auditor* and the limited scope of the assurance expressed, noting that it does not amount to a positive opinion.

The *COGE Handbook* may address the issue of negative assurance in connection with evolving standards for *reviews of reserves data*. The CSA will consider any such developments and may, in consequence, give public notice of a change in the views expressed above.

5.5 Supporting Filings - Part 5 of *NI 51-101* requires that certain information, if disclosed publicly, be supported by consistent information in a *supporting filing*.

The definition of "*supporting filing*" in section 1.1 of *NI 51-101* does not specify any particular type of document, nor a maximum age or an expiry date for any such document. If the information in a filed document has not been rendered inaccurate or misleading by events subsequent to its filing, the document can continue to serve as a *supporting filing*.

Part 6 of *NI 51-101* requires that reports of material changes include, in certain circumstances, information concerning the effect that the material change would, but for the timing of its occurrence, have had on information in an annual filing under Part 2.

The CSA do not consider that a document filed under Part 2 of *NI 51-101* would cease to qualify as a *supporting document* merely by reason of the occurrence of a material change referred to in Part 6 of *NI 51-101*, provided that the material change disclosure satisfies applicable requirements of Part 6.

5.6 Consistent Use of Units of Measurement - *Reporting issuers* should be consistent in their use of units of measurement within and between disclosure documents, to facilitate understanding and comparison of the disclosure. For example, *reporting issuers* should not, without compelling reason, switch between imperial units of measure (such as barrels) and *Système International (SI)* units of measurement (such as tonnes) within or between disclosure documents.

In all cases, in accordance with subparagraph 4.2(1)(a)(ii), subsection 5.2(a) and section 5.3 of *NI 51-101*, *reporting issuers* should apply the relevant nomenclature and unit prefixes set out in the *COGE Handbook*.

5.7 *BOEs and McfGEs* - Section 5.14 of *NI 51-101* sets out requirements that apply if a *reporting issuer* chooses to make disclosure using units of equivalency such as *BOEs* or *McfGEs*. The requirements include prescribed methods of calculation and cautionary disclosure as to the possible limitations of those calculations. Section 13 of the *COGE Handbook*, under the heading "Barrels of Oil Equivalent", provides additional guidance.

5.8 *Finding and Development Costs* - Section 5.15 of *NI 51-101* sets out requirements that apply if a *reporting issuer* chooses to make disclosure of finding and development costs.

Because the prescribed methods of calculation under section 5.15 involve the use of *BOEs*, section 5.14 of *NI 51-101* necessarily applies to disclosure of finding and development costs under section 5.15. As such, the finding and development cost calculations must apply a conversion ratio as specified in section 5.14 and the cautionary disclosure prescribed in section 5.14 will also be required.

BOEs are based on imperial units of measurement. If the *reporting issuer* uses other units of measurements (such as SI or "metric" measures), any corresponding departure from the requirements of section 5.15 should reflect the use of units other than *BOEs*.

PART 6 MATERIAL CHANGE DISCLOSURE

6.1 *Changes from Filed Information* - Part 6 of *NI 51-101* requires the inclusion of specified information in disclosure of certain material changes.

The information to be filed each year under Part 2 of *NI 51-101* is prepared as at, or for a period ended on, the *reporting issuer's* most recent financial year-end. That date is the *effective date* referred to in subsection 6.1(1) of *NI 51-101*. When a material change occurs after that date, the filed information may no longer, as a result of the material change, convey meaningful information, or the original information may have become misleading in the absence of updated information.

Part 6 of *NI 51-101* requires that the disclosure of the material change include a discussion of the *reporting issuer's* reasonable expectation of how information that had been filed under Part 2 would differ, had the material change occurred before rather than after the *effective date* of that original information.

This material change disclosure can reduce the likelihood of investors being misled, and maintain the usefulness of the original filed *oil* and *gas* information when the two are read together.

6.2 *Constant Case Estimates* - To the extent that a material change referred to in section 6.1 involves a change in future prices and costs, the CSA do not consider that Part 6 of *NI 51-101* would require further discussion of *reserves data* estimated using *constant prices and costs* as at the *effective date*.

PART 7 INDEPENDENCE OF PROFESSIONALS

7.1 *Independence of Qualified Reserves Evaluator or Auditor* - "*Independence*", in respect of the relationship between a *reporting issuer* and a *qualified reserves evaluator or auditor* engaged to *evaluate*, *audit*, or *review reserves data*, is to be determined in accordance with the *COGE Handbook*. The following guidance should be read in light of the *COGE Handbook*.

Under the *COGE Handbook*, a *qualified reserves evaluator or auditor* would not generally be considered to be *independent* of a client *reporting issuer* if the *qualified reserves evaluator or auditor* has or expects to receive a direct or indirect interest in either a *property* to be *evaluated* or reported on, or in securities of the client or of an affiliate of the client.

Independence would not ordinarily be considered to be lost only by reason of the fact that the *qualified reserves evaluator or auditor*, or a *reserves evaluation firm* of which he or she is a partner, shareholder or employee, also provides to the client *reporting issuer*, or provides to another client in respect of a *property* to be *evaluated* or reported on, other services (including *evaluations*, *audits* or *reviews*) of a type normally rendered by the petroleum engineering profession.

7.2 *Unacceptable Qualified Reserves Evaluator or Auditor or Valuator* - Sections 2.1 and 3.2 of *NI 51-101* require the involvement, in connection with annual *reserves data* disclosure, of a *qualified reserves evaluator or auditor* who is *independent* (in accordance with the *COGE Handbook*) of the *reporting issuer*. Similarly, section 5.10 of *NI 51-101*

requires the involvement, in connection with certain disclosure of estimates of fair value, of a professional valuator who is not a "related party" (within the meaning of the term in the *CICA Handbook*) of the *reporting issuer*.

Notwithstanding that a *qualified reserves evaluator or auditor* or a valuator may technically satisfy these requirements concerning his or her relationship with the *reporting issuer*, circumstances may, or may reasonably be seen to, deprive that individual of the freedom to exercise the independent judgement that the CSA consider essential for the purposes of NI 51-101. In such circumstances, the *securities regulatory authority* or *regulator* may request the *reporting issuer* to engage another *qualified reserves evaluator or auditor* or another valuator. If a prospectus filing is involved, the *securities regulatory authority* or *regulator* may consider that a failure to comply with such a request materially impairs the quality of disclosure to an extent that could lead to a refusal to issue a prospectus receipt.

PART 8 EXEMPTIONS

8.1 Scope of Possible Exemptions - This Part discusses certain exemptive relief that the *securities regulatory authority* or *regulator* may be willing to grant in appropriate circumstances, on application by a *reporting issuer* under Part 8 of NI 51-101. The relief discussed in this Part is limited to relief from the requirements of NI 51-101, and would not affect other requirements of *securities legislation*.

(See also section 1.5 of this Companion Policy for a discussion of certain applications relating to professional qualifications.)

8.2 Exemption from Requirement for *Independent Qualified Reserves Evaluator or Auditor*

The CSA consider that the involvement of a *qualified reserves evaluator or auditor* who is *independent* of a *reporting issuer* will in most cases serve as an important measure of quality control for *reserves data* disclosure, which should in turn help foster and maintain confidence in *oil* and *gas* disclosure, to the benefit of all participants in Canadian capital markets.

The CSA recognize, however, that there may be limited circumstances in which the desired quality and reliability of *reserves data* disclosure may be achieved even without *independent* professional involvement.

(a) Discretionary Exemption for *Senior Producing Issuer*

Securities regulatory authorities or *regulators* would, in certain circumstances, likely be prepared, on application by a *senior producing issuer*, to grant an exemption from the requirements of NI 51-101 for involvement of a *qualified reserves evaluator or auditor* who is *independent* of the *reporting issuer*. Such an exemption would likely be subject to conditions.

For these purposes, "*senior producing issuer*" means a *reporting issuer* that

- (i) demonstrates capability to estimate its *reserves* and *future net revenue* in accordance with the *COGE Handbook* (other than with respect to *independence*); and
- (ii) produced an average of more than 100,000 *BOEs* of *oil* and *gas* (converted in the ratio 6 *Mcf* :1 *bbbl*) per day throughout its most recent financial year.

Such an exemption from the requirement for *independence* of a *qualified reserves evaluator or auditor* would likely apply in respect of requirements arising directly under NI 51-101 (notably paragraph (b) of item 2 of section 2.1 and section 3.2) or indirectly under other *securities legislation* (such as prospectus disclosure requirements) that applies requirements of NI 51-101.

Such an exemption would not vary the requirements of NI 51-101 in respect of the involvement of a *qualified reserves evaluator*, only his or her *independence*. Given the nature of the *reserves audit* function, it is unlikely that a non-independent professional could act as a *qualified reserves auditor* or usefully perform a *review*. Accordingly, for the purpose of section 2.1 of NI 51-101, the use of an *audit* as an alternative to an *evaluation*, and the use of a *review* of information not *evaluated* or *audited*, would not likely be alternatives available to a *reporting issuer* relying on such an exemption. In other words, reliance on such an exemption would likely require *evaluation* of all *reserves data* by an "in-house" *qualified reserves evaluator*.

Relief would likely cease to be available to a *reporting issuer* if it ceased to be a *senior producing issuer* or in the event of a failure to adhere to any undertaking provided as a condition of the exemption.

No such exemption would likely be provided in connection with an initial public offering of securities or a reverse take-over or similar transaction.

(b) Application

An application for an exemption referred to above should demonstrate that the applicant is a *senior producing issuer*. In considering that aspect of an application, factors taken into account by *securities regulatory authorities* or *regulators* would likely include the background and experience of the *reporting issuer's* non-independent *qualified reserves evaluators*, the quality of its past *oil* and *gas* disclosure, and its internal disclosure, compliance, quality control and approval procedures. Demonstrated adherence to "best practice" standards of the *COGE Handbook* and of the relevant professional body would be expected.

An independent review of internally-generated *reserves data*, with satisfactory results, could be required before an exemption is granted.

An exemption, if granted, might not specify an expiry date, meaning that a successful applicant need not renew the application annually.

(c) Likely Conditions to Discretionary Exemption

A discretionary exemption described in this section 8.2 would likely be conditional on the *reporting issuer* furnishing and complying with the following undertakings:

- (i) **Internal procedures** - an undertaking by the *reporting issuer* to implement internal procedures that will permit preparation of the modified reports described below;
- (ii) **Explanatory and cautionary disclosure** - an undertaking by the *reporting issuer* to disclose:
 - (A) at least annually (for example, in an *annual information form*), its reasons for considering the reliability of internally-generated *reserves data* to be not materially less than would be afforded by strict adherence to the requirements of *NI 51-101*, including a discussion of
 - (I) factors supporting the involvement of *independent qualified evaluators or auditors* and why such factors are not considered compelling in the case of that *reporting issuer*; and
 - (II) the manner in which the *reporting issuer's* internally-generated *reserves data* is determined, reviewed and approved, its relevant disclosure control procedures and the related role, responsibilities and composition of responsible management, the board of directors and (if applicable) the reserves committee of the board of directors; and
 - (B) in each document that discloses any information derived from internally-generated *reserves data* and reasonably proximate to that disclosure, the fact that no *independent qualified reserves evaluator or auditor* was involved in the preparation of the *reserves data*; and
- (iii) **Disclosure of conflicting independent reports** - an undertaking by the *reporting issuer* to the effect that, if despite the exemption it obtains a report on *reserves data* from an *independent qualified reserves evaluator or auditor* that contains information that differs materially from corresponding information filed by the *reporting issuer* in reliance on the exemption or that otherwise suggests that the *reporting issuer's* public disclosure record in respect of *reserves data* may be misleading, it will promptly file a correction of its public disclosure.

(d) Modified Reports

A discretionary exemption discussed in this section 8.2 would have the effect of varying the application of section 2.1 of *NI 51-101* as though the words "each of whom is *independent* of the *reporting issuer*" were omitted from paragraph (b) of item 2.

Such an exemption would also likely contemplate modifications to the texts of the reports required under items 2 and 3 of section 2.1 of *NI 51-101*.

- (i) **Modified Form 51-101F2** - The report of the *independent qualified reserves evaluator or auditor* in *Form 51-101F2*, required by item 2 of section 2.1 of *NI 51-101*, would likely be modified under the terms of a discretionary exemption to reflect the substance of the exemption, substituting a report consistent in all *material* respects with the following:

"Report on Reserves Data"

To the board of directors of [name of reporting issuer] (the "Company"):

1. Our staff and I have evaluated the Company's reserves data as at [last day of the reporting issuer's most recently completed financial year]. The reserves data consist of the following:
 - (a)
 - (i) proved and proved plus probable oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
 - (b)
 - (i) proved oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using constant prices and costs; and
 - (ii) the related estimated future net revenue.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"). We are not, however, independent of the Company, within the meaning of the term "independent" under those standards.
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following sets forth the estimated future net revenue (before deducting income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended xxx xx, 20xx:

Location of Reserves (country or foreign geographic area)	Future Net Revenue (before income taxes, 10% discount rate)
xxx	\$ xxx
xxx	xxx
xxx	xxx
	<u>\$ xxx</u>

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined in accordance with the COGE Handbook.
7. We have no responsibility to update our evaluation for events and circumstances occurring after the date of this report.
8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

[Internal Qualified Reserves Evaluator's Name, Position, Province, Date]

[signed]"

- (ii) **Modified Form 51-101F3** - The report of the reporting issuer's management and directors in Form 51-101F3, required by item 3 of section 2.1 of NI 51-101, would likely be modified under the terms of a discretionary exemption to reflect the substance of the exemption, substituting a report consistent in all material respects with the following:

"Report of Management and Directors on Reserves Data and Other Information

Management of [name of reporting issuer] (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

- (a) (i) proved and proved plus probable oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using forecast prices and costs; and
- (ii) the related estimated future net revenue; and
- (b) (i) proved oil and gas reserves estimated as at [last day of the reporting issuer's most recently completed financial year] using constant prices and costs; and
- (ii) the related estimated future net revenue.

Our [title of internal qualified reserves evaluator[s]], who [is an / are] employee[s] of the Company, [has / have] evaluated the Company's reserves data. The report of the [internal qualified reserves evaluator[s]] [is presented below / will be filed with securities regulatory authorities concurrently with this report].

The [Reserves Committee of the] Board of Directors has:

- (a) reviewed the Company's procedures for providing information to the [internal qualified reserves evaluator];
- (b) met with the [internal qualified reserves evaluator] to determine whether any restrictions placed by management affect the ability of the [internal qualified reserves evaluator] to report without reservation; and
- (c) reviewed the reserves data with management and the [internal qualified reserves evaluator].

The [Reserves Committee of the] Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has [, on the recommendation of the Reserves Committee,] approved the content and filing of the reserves data and other oil and gas information, the filing of the report of the [internal qualified reserves evaluator] on the reserves data and the content and filing of this report.

In our view, the reliability of the internally generated reserves data is not materially less than would be afforded by our involving independent qualified reserves evaluators or independent qualified reserves auditors to evaluate or audit and review the reserves data. The Company is therefore relying on an exemption, which it sought and was granted by securities regulatory authorities, from the requirement under securities legislation to involve independent qualified reserves evaluators or independent qualified reserves auditors.

The primary factors supporting the involvement of independent qualified reserves evaluators or independent qualified reserves auditors apply when (i) their knowledge of, and experience with, a reporting issuer's reserves data are superior to that of the internal evaluators and (ii) the work of the independent qualified reserves evaluators or independent qualified reserves auditors is significantly less likely to be adversely influenced by self-interest or management of the reporting issuer than the work of internal reserves evaluation staff. In our view, neither of these factors applies in our circumstances.

Our view is based in large part on the following. Our reserves data were developed in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook. Our internal reserves evaluation staff includes [number] of persons with an average of [X] years of relevant experience in evaluating reserves, of whom [number of persons] are qualified reserves evaluators for purposes of securities regulatory requirements. Our internal reserves evaluation management personnel includes [number] of persons with an average of [Y] years of relevant experience in evaluating and managing the evaluation of reserves. Our procedures, records and controls relating to the accumulation of source data and preparation of reserves data by our internal reserves evaluation staff have been established, refined, documented, and subjected to review for [Z] years by our internal financial auditors who have reported directly to the [Reserves Committee of the] Board of Directors.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

[signature, name and title of chief executive officer]

[signature, name and title of senior officer other than the chief executive officer]

[signature, name and title of director]

[signature, name and title of director]

[Date]"

8.3 Exemption Permitting Substitution of FASB Standards

(a) Comparable FASB Standards

The *reserves data* to be disclosed under *NI 51-101* include *proved reserves* and related *future net revenue* estimated using *constant prices and costs*. The SEC requires disclosure of comparable estimates (referred to respectively as "proved oil and gas reserve quantities" and the "standardized measure of discounted future net cash flows relating to proved oil and gas reserve quantities" or, in this Companion Policy, the "standardized measure") determined in accordance with standards established by FASB. The applicable FASB terminology and disclosure standards are currently set out in the following documents (referred to in this Companion Policy as the "FASB Standard"):

- (i) FASB Statement of Financial Accounting Standards No. 69 "Disclosures about Oil and Gas Producing Activities -- an amendment of FASB Statements 19, 25, 33, and 39", as amended from time to time (referred to in this Companion Policy as "FAS 69"); and
- (ii) paragraphs .103, .106, .107, .108, .112, .160 through .167, .174 through .184, and .401 through .408 of FASB Current Text Section Oi5, "Oil and Gas Producing Activities", which also reflect FAS 69.

(b) Discretionary Exemption to Permit Substitution of FASB Standard

A key objective of the CSA in developing *NI 51-101* was to enhance the comparability of *oil* and *gas* disclosure provided by *reporting issuers*. The CSA recognize that, in the case of some *reporting issuers* that are active in United States capital markets, comparability of *oil* and *gas* disclosure with that provided by US issuers, as well as with that provided by other Canadian *reporting issuers*, may be important for investors.

In the absence of an exemption from Part 2 of *NI 51-101*, a *reporting issuer* that is subject both to the disclosure requirements of the SEC and to *NI 51-101* would be required to prepare and present two sets of estimates -- *proved reserves* and the related *future net revenue*, as well as proved oil and gas reserve quantities and the related standardized measure -- that relate to very similar concepts. In many cases, the CSA believe that the results of the two sets of estimates would not differ substantially. The CSA recognize that the requirement to prepare and disclose two similar sets of estimates could impose a burden on *reporting issuers*, and be confusing to investors.

In light of these considerations, *securities regulatory authorities* or *regulators* would likely be prepared, on application by a *reporting issuer* that has securities registered in the US under the *1934 Act*, to grant a limited exemption from certain requirements of Part 2 (and the forms referred to in that Part) and section 5.3 of *NI 51-101*.

Such a discretionary exemption could permit a *reporting issuer* to substitute disclosure of "proved oil and gas reserve quantities" and the "standardized measure" for disclosure of *proved reserves* and related *future net revenue* estimated using *constant prices and costs*. The exemption could also permit the applicant to apply the *FASB Standard* (despite any indication to the contrary in the *FASB Standard*) to disclosure relating to non-conventional *oil and gas activities* (the extraction of hydrocarbons from oil sands, shale, coal or other non-conventional sources).

In the absence of a further exemption, this discretionary exemption would not otherwise affect the *reporting issuer's* disclosure and other obligations under *NI 51-101*. For example, requirements for the reporting of other elements of *reserves data*, notably *proved reserves* and *proved plus probable reserves* together with the related estimates of *future net revenue* estimated using *forecast prices and costs*, would be unchanged.

With this exemption, a *reporting issuer* that discloses *reserves* estimates and related information in both Canada and the US would be able to file, in both countries, the information required by the *SEC* (proved oil and gas reserve quantities and the standardized measure) in the same manner as US peer issuers, facilitating comparison with those peers. At the same time the *reporting issuer* would present other disclosure not required by the *SEC* (including estimates of *proved* and *probable reserves* and related *future net revenue* estimated using *forecast prices and costs*) in accordance with *NI 51-101*, facilitating comparison with Canadian peer issuers.

Such an exemption might not specify an expiry date so that renewal applications would not be required.

It is unlikely that any such exemption would alter the requirements of Parts 3, 4, 5 or 6 of *NI 51-101* in respect of the role and responsibilities of directors, measurement and estimation standards, requirements relating to certain voluntary disclosure, or material change reporting. Thus, for example, in the absence of applicable *SEC* requirements, relevant provisions of Part 5 of *NI 51-101* relating to the use of *BOEs*, or to disclosure of an estimate of fair value of a *prospect*, would still apply.

(c) Likely Conditions to Discretionary Exemption

A discretionary exemption described in this section 8.3 would likely be conditional on the *reporting issuer* furnishing and complying with an undertaking to include in all its written disclosure of proved oil and gas reserve quantities and the standardized measure (which the *reporting issuer* has substituted for otherwise mandatory disclosure of *proved reserves* and related *future net revenue* estimated using *constant prices and costs*) a statement, reasonably proximate to that disclosure

- (i) of the *reporting issuer's* reliance on the exemption;
- (ii) that explains generally the nature of the estimates being disclosed and the source of the underlying standards (the *FASB Standards*); and
- (iii) to the effect that the disclosed estimates may differ from corresponding estimates of *proved reserves* and related *future net revenue* estimated using *constant prices and costs* prepared in accordance with *NI 51-101*.

8.4 Exemption Permitting US-Style Disclosure

As noted in section 8.3, the *CSA* recognize that for some *reporting issuers* that are active in US capital markets, comparability of their *oil* and *gas* disclosure with that provided by US issuers may be important for investors. In some cases, a Canadian *reporting issuer* may consider that comparability of disclosure to US peer issuers is of primary relevance to its investors.

The *CSA* acknowledge that there may be circumstances in which such an assessment is valid. At the same time, the *CSA* consider that the public interest requires, at minimum, clarity as to what standards are being applied in public disclosure and consistency of annual disclosure.

The *CSA* believe that these considerations can be addressed in appropriate cases by a discretionary exemption that builds on the exemption discussed in section 8.3. The discretionary exemption discussed in this section 8.4 could enable a *reporting issuer* to substitute, for much of the disclosure ordinarily required by *NI 51-101*, disclosure that is consistent with the *FASB Standards* and other relevant requirements of the *SEC*, provided that the *reporting issuer* makes clear in its disclosure that it is departing from *NI 51-101* requirements and makes clear which standards are being applied.

(a) Scope of Possible Exemption

On application by a *reporting issuer* that has securities registered in the US under the *1934 Act*, *securities regulatory authorities* or *regulators* may be prepared to grant a limited exemption from certain requirements of *NI 51-101* to permit

- (i) the substitution, as discussed in section 8.3, of disclosure of estimates of proved oil and gas reserve quantities and the related standardized measure, for the disclosure of *proved reserves* and related *future net revenue* estimated using *constant prices and costs* otherwise required by *NI 51-101*; and
- (ii) relief from requirements of *NI 51-101* for disclosure of other elements of *reserves data*, or other information concerning *oil and gas activities* contemplated in *Form 51-101F1*, to the extent that these elements or information exceed or differ from *SEC* requirements;

provided that the *reporting issuer* files, within the time prescribed in section 2.1 of *NI 51-101*, the information relating to its *oil and gas activities* contemplated by, and consistent with, the *FASB Standard* and relevant requirements of the *SEC*.

Such an exemption might not specify an expiry date so that renewal applications would not be required.

As discussed in section 8.3, the exemption could also likely permit the applicant to apply the *FASB Standard* (despite any indication to the contrary in the *FASB Standard*) to disclosure relating to non-conventional *oil and gas activities*.

No such exemption would likely affect the principle that all disclosed *reserves* and related estimates must be prepared by a *qualified reserves evaluator or auditor*. A *reporting issuer* that wishes to substitute other *evaluation* or *audit* standards would likely have to demonstrate that such other standards are clearly identifiable and not less comprehensive than those set out in the *COGE Handbook*.

It is also unlikely that any such exemption would alter the requirements of Parts 3, 5 or 6 of *NI 51-101* in respect of the role and responsibilities of directors, requirements relating to certain voluntary disclosure, or material change reporting. For example, in the absence of applicable *SEC* requirements, relevant provisions of Part 5 of *NI 51-101* relating to the use of *BOEs* or to disclosure of an estimate of fair value of a prospect would still apply to the extra disclosure.

Such a discretionary exemption would likely contemplate modifications of the reports of the *qualified reserves evaluator or auditor* and of management and directors, prescribed respectively by items 2 and 3 of section 2.1 of *NI 51-101*, to the extent necessary to reflect the substance of the exemption. It is unlikely that such an exemption would waive the requirement to file these reports.

No such exemption would likely be provided in connection with an initial public offering of securities or a reverse take-over or similar transaction.

(b) Likely Conditions to Discretionary Exemption

An exemption contemplated in this section 8.4 would likely be conditional on the *reporting issuer* furnishing and adhering to undertakings substantially as follows:

- (i) **Disclosure of exemption and effect** - an undertaking to include, reasonably proximate to all written disclosure that the *reporting issuer* makes in reliance on the exemption, a statement
 - (A) of the *reporting issuer's* reliance on the exemption;
 - (B) that explains generally the nature of the information being disclosed and identifies the standards and the source of the standards being applied (if it is not otherwise readily apparent); and
 - (C) to the effect that the information disclosed may differ from corresponding information prepared in accordance with *NI 51-101* standards (if that is the case), and explains the difference (if any);
- (ii) **Specified disclosure standards to be applied** - an undertaking to disclose, for the purpose of item 1 of section 2.1 of *NI 51-101*:
 - (A) the information required by the *FASB Standard*;
 - (B) the information required by *SEC* Industry Guide 2 "Disclosure of Oil and Gas Operations", as amended from time to time;
 - (C) any other information concerning matters addressed in *Form 51-101F1* that is required by *FASB* or by the *SEC*; and
 - (D) if the *reporting issuer* is engaged in extracting, by mining, *bitumen* or *oil* from oil sands, shale or coal, the information required by *SEC* Industry Guide 7 "Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations", as amended from time to time;
- (iii) **Voluntary extra disclosure not required by *SEC* or *FASB*** - an undertaking that, if the *reporting issuer* (despite its exemption) makes public disclosure of a type contemplated in *NI 51-101* or *Form 51-101F1* but not required by the *SEC*:

- (A) if the disclosure is of a nature and subject matter referred to in Part 5 of *NI 51-101*, and if there are no applicable *SEC* requirements or restrictions specific to that type of disclosure, the disclosure will be made in compliance with Part 5; and
- (B) if the disclosure includes estimates of *reserves* or related *future net revenue* in categories not required by the *SEC*:
 - (I) the disclosure will
 - a. apply the *reserves* categories set out in the *COGE Handbook*; or
 - b. set out the *reserves* categories being used in enough detail to make them understandable to a reader, identify the source of those *reserves* categories, state that those *reserves* categories differ from the *reserves* categories set out in the *COGE Handbook* (if that is the case) and explain the differences (if any);
 - (II) if the disclosure includes an estimate of *future net revenue*, it will also include the corresponding estimate of *reserves* (although disclosure of an estimate of *reserves* might not have to be accompanied by an estimate of the related *future net revenue*).
 - (III) if the disclosure includes an estimate of *reserves* for a category other than *proved reserves* or proved oil and gas reserve quantities, it will also include an estimate of *proved reserves* (or proved oil and gas reserve quantities) based on the same price and cost assumptions, with the price assumptions disclosed;
 - (IV) unless the extra disclosure is made involuntarily, the *reporting issuer* will include disclosure of the same type in its subsequent annual filings under Part 2 of *NI 51-101* for as long as the information is material; and
 - (V) for the purpose of clause (IV) above, if the triggering disclosure was an estimate for a particular *property*, unless that *property* is highly material for the *reporting issuer* its subsequent annual disclosure of that type of estimate will also include aggregate estimates for the *reporting issuer* and by country (or, if appropriate and not misleading, by *foreign geographic area*), not only estimates for that *property*.

Although the exemption might not require that an estimate of *reserves* be accompanied by an estimate of related *future net revenue*, the *CSA* would generally expect disclosure of *reserves* alone to be supplemented by information such as the development and *production* status of the *reserves* and the *reporting issuer's* plans for the development of the *reserves*, so that disclosure of *reserves* volume alone is not misleading.

For the purpose of this undertaking, disclosure would be considered to be made involuntarily if, for example:

- it was made not by or at the instigation of the *reporting issuer* but instead by the operator of a joint venture of which the *reporting issuer* is a member but not the operator, for and on behalf of all the joint venturers; or
- it was made by the *reporting issuer* solely in compliance with its material change disclosure obligations under *securities legislation*.

Although the exemption might permit a *reporting issuer* to apply definitions and standards other than those presented in the *COGE Handbook*, the *CSA* would expect consistency in a *reporting issuer's* use and disclosure of other standards within and between reporting periods.

The conditions set out above are designed to ensure that the extra disclosure applies clearly identified standards and definitions and that, if the information is *material* to the *reporting issuer*, similar information is provided in the subsequent annual filings, to enable investors to assess and compare that information from year to year.

Consequence of Voluntary Extra Disclosure: Examples

Following are examples of key consequences that would likely follow, under such undertakings, for a *reporting issuer* that voluntarily makes extra disclosure.

- If the *reporting issuer* discloses *probable reserves* (without related *future net revenue*) estimated using *constant prices and costs*, its subsequent annual filings would have to include estimates of *probable reserves*

estimated using *constant prices and costs* in addition to SEC-mandated disclosure of proved oil and gas reserve quantities and the standardized measure.

- If the *reporting issuer* discloses *probable reserves* and related *future net revenue* estimated using *constant prices and costs*, its subsequent annual filings would have to include estimates of *probable reserves* and related *future net revenue* using *constant prices and costs* in addition to the SEC-mandated disclosure.
- If the *reporting issuer* discloses *probable reserves* (with or without related *future net revenue*) estimated using *forecast prices and costs*, its subsequent annual filings would have to include such estimates as well as estimates of *proved reserves* and related *future net revenue*, estimated using *forecast prices and cost*, in addition to the SEC-mandated disclosure.

8.5 Stacking of Exemptions - The possible discretionary exemptions discussed in this Part are not necessarily mutually exclusive.

In appropriate circumstances, *securities regulatory authorities* or *regulators* would likely be prepared to consider granting, on application by *reporting issuers* that fall within the classes contemplated in both sections 8.2 and 8.3 or in both sections 8.2 and 8.4, exemptions that combine the elements contemplated in those respective sections.

8.6 Exemption not Conferring Immunity - A discretionary exemption from any part of *NI 51-101* would not imply a lesser scope or degree of regulatory review of the *reporting issuer's* disclosure. The *reporting issuer* would still be subject to regulatory review of its filings and other disclosure, and enforcement of its disclosure obligations, whether the obligations are as set out in *securities legislation* or modified by the terms of an exemption.

**APPENDIX 1
TO
COMPANION POLICY 51-101CP
STANDARDS OF DISCLOSURE
FOR OIL AND GAS ACTIVITIES**

GLOSSARY

Section 1.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") defines a number of terms used in NI 51-101, Form 51-101F1, Form 51-101F2, Form 51-101F3 and this Companion Policy. Section 1.2 of NI 51-101 provides that terms used in the *Instrument* but not defined in the *Instrument*, NI 14-101 or the securities statute in the *jurisdiction* have the meaning or interpretation, if any, set out in the *COGE Handbook*.

This Appendix explains much of the terminology used in NI 51-101 and its accompanying documents. It is provided only as a convenience to users of NI 51-101, to assist them in better understanding the purpose and application of NI 51-101.

Part 1 of this Appendix sets out, in alphabetical order, certain terms and their meanings. Part 2 sets out certain *reserves* definitions derived from the *COGE Handbook*.

The explanations in this Appendix are derived from a number of sources, including section 1.1 of NI 51-101, NI 14-101 and the *COGE Handbook*. If the explanation is derived from another source, the source document is indicated in square brackets after the explanation (even if the explanation is not verbatim to the source document).

Background or further guidance may be found in the source documents:

- CICA Accounting Guideline 5 is included in the *CICA Handbook*, which can be obtained from the CICA.
- The *COGE Handbook* can be obtained from the Petroleum Society of the Canadian Institute of Mining, Metallurgy & Petroleum (Telephone (403) 237-5112; email info@petsoc.org; or www.petsoc.org).
- FAS 19, FAS 69 and the *FASB Standard* can be obtained from FASB, the United States Financial Accounting Standards Board.
- SEC Industry Guide 7 "Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations" can be obtained from the SEC.
- NI 14-101 can be viewed on the websites of a number of *securities regulatory authorities*.

PART 1 DEFINITIONS

The terms (and plural, singular or other grammatical variants thereof) set out in the left column below have the meanings respectively set out in the right column.

Defined Term	Meaning
1934 Act	The Securities Exchange Act of 1934 of the United States of America, as amended from time to time. [NI 14-101]
Annual information form	Any of the following: <ul style="list-style-type: none"> (a) a "current AIF", as defined in NI 44-101; (b) in the case of a <i>reporting issuer</i> that is eligible to file, for the purpose of Part 3 of NI 44-101, a current annual report on Form 10-K or Form 20-F under the 1934 Act, such a current annual report so filed; or (c) a document prepared in Form 44-101F1 AIF and filed with the <i>securities regulatory authority</i> in the <i>jurisdiction</i> in accordance with <i>securities legislation</i> of that <i>jurisdiction</i> other than NI 44-101. [NI 51-101]

Associated gas	The gas cap overlying a <i>crude oil</i> accumulation in a <i>reservoir</i> . See <i>gas</i> .
Audit	<p>In relation to <i>reserves data</i>, the process whereby an <i>independent qualified reserves auditor</i> carries out procedures designed to allow the <i>independent qualified reserves auditor</i> to provide reasonable assurance, in the form of an opinion that the <i>reporting issuer's reserves data</i> (or specific parts thereof) have, in all material respects, been determined and presented in accordance with the <i>COGE Handbook</i> and are, therefore, free of material misstatement.</p> <p>Because of</p> <ul style="list-style-type: none"> (a) the nature of the subject matter (estimates of future results with many uncertainties); (b) the fact that the <i>independent qualified reserves auditor</i> assesses the qualifications and experience of the <i>reporting issuer's</i> staff, assesses the <i>reporting issuer's</i> systems, procedures and controls and relies on the competence of the <i>reporting issuer's</i> staff and the appropriateness of the <i>reporting issuer's</i> systems, procedures and controls; and (c) the fact that tests and samples (involving examination of underlying documentation supporting the determination of the <i>reserves</i> and <i>future net revenue</i>) as opposed to complete <i>evaluations</i>, are involved; (d) the level of assurance is designed to be high, though not absolute. <p>The level of assurance cannot be described with numeric precision. It will usually be less than, but reasonably close to, that of an <i>independent evaluation</i> and considerably higher than that of a <i>review</i>.</p> <p>[<i>COGE Handbook</i>]</p>
Bbl	Barrel.
Bitumen	A highly viscous <i>oil</i> which is too thick to flow in its native state, and which cannot be produced without altering its viscosity. The density of <i>bitumen</i> is generally less than 10 degrees API (as that term is defined by the American Petroleum Institute).
BOEs	Barrels of <i>oil</i> equivalent. [<i>NI 51-101</i> and <i>COGE Handbook</i>]
Canadian GAAP	Generally accepted accounting principles determined with reference to the <i>CICA Handbook</i> . [<i>NI 14-101</i>]
CICA	The Canadian Institute of Chartered Accountants. [<i>NI 51-101</i>]
CICA Accounting Guideline 5	Accounting Guideline AcG-5 "Full cost accounting in the oil and gas industry" included in the <i>CICA Handbook</i> , as amended from time to time. [<i>NI 51-101</i>]
CICA Handbook	The Handbook of the <i>CICA</i> , as amended from time to time.
COGE Handbook	The "Canadian Oil and Gas Evaluation Handbook" prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).
Constant prices and costs	<p>Prices and costs used in an estimate that are:</p> <ul style="list-style-type: none"> (a) the <i>reporting issuer's</i> prices and costs as at the <i>effective date</i> of the estimation, held constant throughout the estimated lives of the <i>properties</i> to which the estimate applies; (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the <i>reporting issuer</i> 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, those prices or costs rather than the prices and costs referred to in paragraph (a).

For the purpose of paragraph (a), the *reporting issuer's* prices will be the posted price for *oil* and the spot price for *gas*, after historical adjustments for transportation, gravity and other factors.

[COGE Handbook]

Crude oil

A mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground *reservoir* and that is liquid at the conditions under which its volume is measured or estimated. It does not include *solution gas* or *natural gas liquids*.

[COGE Handbook]

CSA

The Canadian Securities Administrators, an association consisting of the thirteen securities regulatory authorities in Canada.

Developed non-producing reserves

See Part 2 of this Appendix. [COGE Handbook]

Developed producing reserves

See Part 2 of this Appendix. [COGE Handbook]

Developed reserves

See Part 2 of this Appendix. [COGE Handbook]

Development costs

Costs incurred to obtain access to *reserves* and to provide facilities for extracting, treating, gathering and storing the *oil* and *gas* from the *reserves*.

More specifically, *development costs*, including applicable *operating costs of support equipment and facilities* and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, *gas* lines and power lines, to the extent necessary in developing the *reserves*;
- (b) drill and equip *development wells*, development type *stratigraphic test wells* and *service wells*, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;
- (c) acquire, construct and install *production* facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, *natural gas* cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems. [CICA Accounting Guideline 5]

Development well

A well drilled inside the established limits of an *oil* or *gas reservoir*, or in close proximity to the edge of the *reservoir*, to the depth of a stratigraphic horizon known to be productive. [CICA Accounting Guideline 5]

Effective date

In respect of information, the date as at which, or for the period ended on which, the information is provided.

Evaluation

In relation to *reserves data*, the process whereby an economic analysis is made of a *property* to arrive at an estimate of a range of net present values of the estimated *future net revenue* resulting from the production of the *reserves* associated with the *property*. [COGE Handbook]

Exploration costs

Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have *prospects* that may contain *oil* and *gas reserves*, including costs of drilling *exploratory wells* and exploratory type *stratigraphic test wells*.

Exploration costs may be incurred both before acquiring the related *property* (sometimes referred to in part as "prospecting costs") and after acquiring the *property*. *Exploration costs*, which include applicable *operating costs of support equipment and facilities* and other costs of exploration activities, are:

- (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to *properties* to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");
- (b) costs of carrying and retaining *unproved properties*, such as delay rentals, taxes (other than income and capital taxes) on *properties*, legal costs for title defence, and the maintenance of land and lease records;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping *exploratory wells*; and
- (e) costs of drilling exploratory type *stratigraphic test wells*.

[CICA Accounting Guideline 5]

Exploratory well A well that is not a *development well*, a *service well* or a *stratigraphic test well*. [CICA Accounting Guideline 5]

FAS 19 FASB Statement of Financial Accounting Standards No. 19 "Financial Accounting and Reporting by Oil and Gas Producing Companies", as amended from time to time. [NI 51-101]

FAS 69 FASB Statement of Financial Accounting Standards No. 69 "Disclosure about Oil and Gas Producing Activities - an amendment of FASB Statements 19, 25, 33 and 39", as amended from time to time.

FASB United States Financial Accounting Standards Board.

FASB Standard The following:

- (a) FAS 69; and
- (b) paragraphs .103, .106, .107, .108, .112, .160 through .167, .174 through .184, and .401 through .408 of FASB Current Text Section Oi5, "Oil and Gas Producing Activities", which also reflects FAS 69.

Field An area consisting of a single *reservoir* or multiple *reservoirs* all grouped on or related to the same individual geological structural feature and/or stratigraphic condition.

There may be two or more *reservoirs* in a *field* that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. *Reservoirs* that are associated by being in overlapping or adjacent *fields* may be treated as a single or common operational *field*. The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest".

[FASB Standard paragraph .403]

Forecast prices and costs

Future prices and costs that are:

- (a) generally accepted as being a reasonable outlook of the future;
- (b) if, and only to the extent that, there are 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, those prices or costs rather than the prices and costs referred to in paragraph (a).

Foreign geographic area

A geographic area outside North America within one country or including all or portions of a number of countries.

Form 51-101F1

Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*.

Form 51-101F2

Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*.

Form 51-101F3

Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*.

Future income tax expenses

Future income tax expenses estimated (generally, year-by-year):

- (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between *oil and gas activities* and other business activities;
- (b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;
- (c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and
- (d) applying to the future pre-tax net cash flows relating to the *reporting issuer's oil and gas activities* the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

Future net revenue

The estimated net amount to be received with respect to the development and *production of reserves* (including *synthetic oil*, coal bed methane and other non-conventional *reserves*) estimated using:

- (a) *constant prices and costs*; or
- (b) *forecast prices and costs*.

This net amount is computed by deducting, from estimated future revenues:

- estimated amounts of future royalty obligations;
- costs related to the development and *production of reserves*;
- *well abandonment costs*; and
- *future income tax expenses*, unless otherwise specified in *NI 51-101, Form 51-101F1 or Form 51-101F2*.

Corporate general and administrative expenses and financing costs are not deducted. Net present values of *future net revenue* may be calculated using a discount rate or without discount.

Gas (or *natural gas*)

The lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground *reservoir*, which under atmospheric conditions are essentially gases but which may contain *natural gas liquids*.

Gas can exist in a *reservoir* either

- (a) dissolved in *crude oil* (*solution gas*); or
- (b) in a gaseous phase (*associated gas* or *non-associated gas*).

Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

[COGE Handbook]

Gross

- (a) In relation to a *reporting issuer's* interest in *production* or *reserves*, its "company gross reserves", which are the *reporting issuer's* working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the *reporting issuer*.

[COGE Handbook]

- (b) In relation to wells, the total number of wells in which a *reporting issuer* has an interest.
- (c) In relation to *properties*, the total area of properties in which a *reporting issuer* has an interest.

Heavy oil

In respect of *reserves* or *production*:

- (a) in a *jurisdiction* that has a royalty regime specific to *heavy oil*, "*heavy oil*" is *oil* that qualifies for royalties specific to *heavy oil*; or
- (b) in a *jurisdiction* that has no royalty regime specific to *heavy oil*, "*heavy oil*" is *oil* with a density between 10 to 22.3 degrees API (as that term is defined by the American Petroleum Institute). [COGE Handbook]

Independent

In respect of the relationship between a *reporting issuer* and a *qualified reserves evaluator* or *auditor*, the term has the meaning set out in the *COGE Handbook*.

Instrument
(or **NI 51-101**)

NI 51-101 *Standards of Disclosure for Oil and Gas Activities*.

Jurisdiction

For the purposes of *NI 51-101*, a province or territory of Canada. [NI 14-101]

Lease

An agreement granting to the lessee rights to explore, develop and exploit a *property*.

Marketable

In respect of *reserves* or sales of *oil*, *gas* or associated by-products, the volume of *oil*, *gas* or associated by-products measured at the point of sale to a third party, or of transfer to another division of the issuer for treatment prior to sale to a third party. For *gas*, this may occur either before or after removal of *natural gas liquids*. For *heavy oil* or *bitumen*, this is before the addition of diluent.

Material (or **materiality**)

For the purposes of *NI 51-101*, information is *material*, in respect of a *reporting issuer*, if it would be likely to influence a decision by a reasonable investor to buy, hold or sell a security of the *reporting issuer*.

This meaning differs from the definitions of "material change" and "material fact" in securities legislation, but is consistent with the meaning of the term as used, for accounting purposes, in the *CICA Handbook*.

[NI 51-101]

Mcf

Thousand cubic feet.

McfGE

Thousand cubic feet of gas equivalent. [NI 51-101 and COGE Handbook]

Natural gas

Gas. [COGE Handbook]

Natural gas liquids

Those hydrocarbon components that can be recovered from *natural gas* as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

[COGE Handbook]

Net

- (a) In relation to a *reporting issuer's* interest in *production* or *reserves*, the *reporting issuer's* working interest (operating or non-operating) share after deduction of royalty obligations, plus the *reporting issuer's* royalty interests in *production* or *reserves*. [COGE Handbook]
- (b) In relation to a *reporting issuer's* interest in wells, the number of wells obtained by aggregating the *reporting issuer's* working interest in each of its *gross* wells.
- (c) In relation to a *reporting issuer's* interest in a *property*, the total area in which the *reporting issuer* has an interest multiplied by the working interest owned by the *reporting issuer*.

NI 14-101

National Instrument 14-101 *Definitions*.

NI 44-101

National Instrument 44-101 *Short Form Prospectus Distributions*.

NI 51-101 or the Instrument

National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

Non-associated gas

An accumulation of *natural gas* in a *reservoir* where there is no *crude oil*. See *gas*.

Oil

Crude oil or *synthetic oil*. [COGE Handbook]

Oil and gas activities

"*Oil and gas activities*":

- (a) include:
 - (i) the search for *crude oil* or *natural gas* in their natural states and original locations;
 - (ii) the acquisition of property rights or *properties* for the purpose of further exploring for or removing *oil* or *gas* from *reservoirs* on those *properties*;
 - (iii) the construction, drilling and *production* activities necessary to recover *oil* and *gas* from *reservoirs*, and the acquisition, construction, installation and maintenance of *field* gathering and storage systems, including lifting *oil* and *gas* to the surface and gathering, treating, *field* processing and *field* storage; and
 - (iv) the extraction of hydrocarbons from oil sands, shale, coal or other non-conventional sources and activities similar to those referred to in clauses (i), (ii) and (iii) undertaken with a view to such extraction; but
- (b) do not include:
 - (i) transporting, refining or marketing oil or gas;
 - (ii) activities relating to the extraction of natural resources other than *oil* and *gas* and their by-products; or
 - (iii) the extraction of geothermal steam or of hydrocarbons as a by-product of the extraction of geothermal steam or associated geothermal resources.

[NI 51-101]

Operating costs

Production costs.

Possible reserves	See Part 2 of this Appendix. [COGE Handbook]
Preparation date	In respect of written disclosure, the most recent date to which information relating to the period ending on the <i>effective date</i> was considered in the preparation of the disclosure.
Probable reserves	See Part 2 of this Appendix. [COGE Handbook]
Production	<p>Recovering, gathering, treating, <i>field</i> or plant processing (for example, processing <i>gas</i> to extract <i>natural gas liquids</i>) and <i>field</i> storage of <i>oil</i> and <i>gas</i>.</p> <p>The <i>oil production</i> function is usually regarded as terminating at the outlet valve on the lease or <i>field production</i> storage tank. The <i>gas production</i> function is usually regarded as terminating at the plant gate. In some circumstances, it may be more appropriate to regard the <i>production</i> function as terminating at the first point at which <i>oil</i>, <i>gas</i> or their by-products are delivered to a main pipeline, a common carrier, a refinery or a marine terminal.</p>
Production costs (or Operating costs)	<p>Costs incurred to operate and maintain wells and related equipment and facilities, including applicable <i>operating costs</i> of <i>support equipment and facilities</i> and other costs of operating and maintaining those wells and related equipment and facilities.</p> <p>Lifting costs become part of the cost of <i>oil</i> and <i>gas</i> produced.</p> <p>Examples of <i>production costs</i> are:</p> <ul style="list-style-type: none"> (a) costs of labour to operate the wells and related equipment and facilities; (b) costs of repairs and maintenance; (c) costs of materials, supplies and fuel consumed, and supplies utilized, in operating the wells and related equipment and facilities; (d) costs of workovers; (e) property taxes and insurance costs applicable to <i>properties</i> and wells and related equipment and facilities; and (f) taxes, other than income and capital taxes.
Production group	<p>One of the following together, in each case, with associated by-products:</p> <ul style="list-style-type: none"> (a) light and medium <i>crude oil</i> (combined); (b) <i>heavy oil</i>; (c) <i>associated gas</i> and <i>non-associated gas</i> (combined); and (d) <i>bitumen</i>, <i>synthetic oil</i> or other products from non-conventional <i>oil and gas activities</i>.
Product type	<p>One of the following:</p> <ul style="list-style-type: none"> (a) in respect of conventional <i>oil and gas activities</i>: <ul style="list-style-type: none"> (i) light and medium <i>crude oil</i> (combined); (ii) <i>heavy oil</i>; (iii) <i>natural gas</i> excluding <i>natural gas liquids</i>; or (iv) <i>natural gas liquids</i>; and (b) in respect of non-conventional <i>oil and gas activities</i>: <ul style="list-style-type: none"> (i) <i>synthetic oil</i>;

- (ii) *bitumen*;
- (iii) coal bed methane; or
- (iv) hydrates.

[NI 51-101]

Professional organization

A self-regulatory organization of engineers, geologists, other geoscientists or other professionals whose professional practice includes *reserves evaluations* or *reserves audits*, that:

- (a) admits members primarily on the basis of their educational qualifications;
- (b) requires its members to comply with the professional standards of competence and ethics prescribed by the organization that are relevant to the estimation, *evaluation*, *review* or *audit* of *reserves data*;
- (c) has disciplinary powers, including the power to suspend or expel a member; and
- (d) is either:
 - (i) given authority or recognition by statute in a Canadian jurisdiction; or
 - (ii) accepted for this purpose by the *securities regulatory authority* or the *regulator*.

[NI 51-101]

Property

A *property* includes:

- (a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract *oil* or *gas* subject to such terms as may be imposed by the conveyance of that interest;
- (b) royalty interests, *production* payments payable in *oil* or *gas*, and other non-operating interests in *properties* operated by others; and
- (c) an agreement with a foreign government or authority under which a *reporting issuer* participates in the operation of *properties* or otherwise serves as "producer" of the underlying *reserves* (in contrast to being an independent purchaser, broker, dealer or importer).

A *property* does not include supply agreements, or contracts that represent a right to purchase, rather than extract, *oil* or *gas*.

[CICA Accounting Guideline 5]

Property acquisition costs

Costs incurred to acquire a *property* (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the *property*), including:

- (a) costs of lease bonuses and options to purchase or lease a *property*;
- (b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;
- (c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring *properties*.

[CICA Accounting Guideline 5]

Prospect

A geographic or stratigraphic area, in which the *reporting issuer* owns or intends to own one or more *oil* and *gas* interests, which is geographically defined on the basis of geological data

	and which is reasonably anticipated to contain at least one <i>reservoir</i> or part of a <i>reservoir</i> of <i>oil</i> and <i>gas</i> .
Proved property	A <i>property</i> or part of a <i>property</i> to which <i>reserves</i> have been specifically attributed.
Proved reserves	See Part 2 of this Appendix. [COGE Handbook]
Qualified reserves auditor	An individual who: <ul style="list-style-type: none"> (a) in respect of particular <i>reserves data</i> or related information, possesses professional qualifications and experience appropriate for the estimation, <i>evaluation</i>, <i>review</i> and <i>audit</i> of the <i>reserves data</i> and related information; and (b) is a member in good standing of a <i>professional organization</i>. [NI 51-101]
Qualified reserves evaluator	An individual who: <ul style="list-style-type: none"> (a) in respect of particular <i>reserves data</i> or related information, possesses professional qualifications and experience appropriate for the estimation, <i>evaluation</i> and <i>review</i> of the <i>reserves data</i> and related information; and (b) is a member in good standing of a <i>professional organization</i>. [NI 51-101]
Qualified reserves evaluator or auditor	A <i>qualified reserves auditor</i> or a <i>qualified reserves evaluator</i> . [NI 51-101]
Regulator	The <i>securities regulatory authority</i> or a person who holds a specified position with the <i>securities regulatory authority</i> (in several instances, its Executive Director or Director) in each <i>jurisdiction</i> . [NI 14-101]
Reporting issuer	<ul style="list-style-type: none"> (a) A "reporting issuer" as defined in <i>securities legislation</i>; or (b) in a <i>jurisdiction</i> in which the term is not defined in <i>securities legislation</i>, an issuer of securities that is required to file financial statements with the <i>securities regulatory authority</i>.
Reservation	In relation to a report on <i>reserves data</i> , a modification of the standard report of an <i>independent qualified reserves evaluator or auditor</i> on <i>reserves data</i> set out in <i>Form 51-101F2</i> , caused by a departure from the <i>COGE Handbook</i> or by a limitation in the scope of work that the <i>independent qualified reserves evaluator or auditor</i> considers necessary. A modification may take the form of a qualified or adverse opinion or a denial of opinion.
Reserves	See Part 2 of this Appendix. [COGE Handbook]

Reserves data	<p>The following estimates, as at the last day of the <i>reporting issuer's</i> most recent financial year:</p> <ul style="list-style-type: none"> (a) <i>proved reserves</i> and related <i>future net revenue</i> estimated: <ul style="list-style-type: none"> (i) using <i>constant prices and costs</i> as at the last day of that financial year; and (ii) using <i>forecast prices and costs</i>; and (b) <i>probable reserves</i> and related <i>future net revenue</i> estimated using <i>forecast prices and costs</i>. <p>[NI 51-101]</p>
Reservoir	<p>A porous and permeable underground formation containing a natural accumulation of producible <i>oil</i> or <i>gas</i> that is confined by impermeable rock or water barriers and is individual and separate from other <i>reservoirs</i>. [CICA Accounting Guideline 5]</p>
Resources	<p>Those quantities of <i>oil</i> and <i>gas</i> estimated to exist originally in naturally occurring accumulations.</p> <p><i>Resources</i> are, therefore, those quantities estimated on a particular date to be remaining in known accumulations plus those quantities already produced from known accumulations plus those quantities in accumulations yet to be discovered.</p> <p><i>Resources</i> are divided into:</p> <ul style="list-style-type: none"> (a) discovered <i>resources</i>, which are limited to known accumulations; and (b) undiscovered <i>resources</i>. <p>[COGE Handbook]</p>
Review	<p>In relation to the role of a <i>qualified reserves evaluator or auditor</i> in respect of <i>reserves data</i>, steps carried out by the <i>qualified reserves evaluator or auditor</i>, consisting primarily of enquiry, analytical procedures, analysis, review of historical reserves performance and discussion with <i>reserves</i> management staff related to a <i>reporting issuer's reserves data</i>, with the limited objective of assessing whether the <i>reserves data</i> is "plausible" in the sense of appearing to be worthy of belief based on the information obtained by the <i>qualified reserves evaluator or auditor</i> as a result of carrying out such steps. Examination of documentation is not required unless the information does not appear to be plausible.</p> <p>A <i>reserves review</i>, due to the limited nature of the investigation involved, does not provide the level of assurance provided by a <i>reserves audit</i>. Although <i>reserves reviews</i> can be done for specific applications, they are not a substitute for an <i>audit</i>.</p> <p>[COGE Handbook]</p>
SEC	<p>The Securities and Exchange Commission of the United States of America. [NI 14-101]</p>
Securities legislation	<p>The statute (in most cases entitled the "Securities Act") and subordinate legislation (in most cases including regulations or rules) specified, for each <i>jurisdiction</i>, in NI 14-101.</p> <p>References in NI 51-101 to <i>securities legislation</i> are to be read as references to <i>securities legislation</i> in the particular <i>jurisdiction</i>.</p>
Securities regulatory authority	<p>The securities commission or comparable body specified, for each <i>jurisdiction</i>, in NI 14-101.</p> <p>References in NI 51-101 to the <i>securities regulatory authority</i> are to be read as references to the <i>securities regulatory authority</i> in the particular <i>jurisdiction</i>.</p>
SEDAR	<p>The System for Electronic Document Analysis and Retrieval referred to in National Instrument 13-101 <i>System for Electronic Document Analysis and Retrieval (SEDAR)</i>.</p>

Senior producing issuer	<p>A <i>reporting issuer</i> that:</p> <ol style="list-style-type: none"> demonstrates capability to estimate its <i>reserves</i> and <i>future net revenue</i> in accordance with the <i>COGE Handbook</i> (other than with respect to <i>independence</i>); and produced an average of more than 100,000 <i>BOEs</i> of <i>oil</i> and <i>gas</i> (converted in the ratio 6 <i>Mcf</i> :1 <i>bbbl</i>) per day throughout its most recent financial year.
Service well	<p>A well drilled or completed for the purpose of supporting <i>production</i> in an existing <i>field</i>. Wells in this class are drilled for the following specific purposes: <i>gas</i> injection (<i>natural gas</i>, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.</p> <p>[CICA Accounting Guideline 5]</p>
Solution gas	Gas dissolved in <i>crude oil</i> . See <i>gas</i> .
Stratigraphic test well	<p>A drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon <i>production</i>. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration.</p> <p><i>Stratigraphic test wells</i> are classified as</p> <ol style="list-style-type: none"> "exploratory type" if not drilled into a <i>proved property</i>; or "development type", if drilled into a <i>proved property</i>. Development type stratigraphic wells are also referred to as "evaluation wells". [CICA Accounting Guideline 5]
Support equipment and facilities	Equipment and facilities used in <i>oil and gas activities</i> , including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.
Supporting filing	A document that has been filed by the <i>reporting issuer</i> with a <i>securities regulatory authority</i> . [NI 51-101]
Synthetic oil	<p>A mixture of hydrocarbons derived by upgrading crude <i>bitumen</i> from oil sands or kerogen from oil shales or other substances such as coal.</p> <p>[COGE Handbook]</p>
Undeveloped reserves	See Part 2 of this Appendix. [COGE Handbook]
Unproved property	A <i>property</i> or part of a <i>property</i> to which no <i>reserves</i> have been specifically attributed.
Well abandonment costs	Costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the wellsite.

PART 2 DEFINITIONS OF RESERVES

This Part is derived from Section 5.4 of Volume 1 of the *COGE Handbook* (First Edition, June 30, 2002). Consult the *COGE Handbook* for additional explanation and guidance.

The following definitions and guidelines have been prepared by the Standing Committee on Reserves Definitions of the CIM (Petroleum Society) after many years of consultations and deliberations. These definitions and guidelines must be used by qualified evaluators when evaluating and reporting oil and gas reserves and related substances.

The definitions and guidelines are designed to assist:

- evaluators in making reserves estimates on a reasonably consistent basis;

- users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

The guidelines outline

- general criteria for classifying *reserves*,
- procedures and methods for estimating *reserves*,
- confidence levels of individual entity and aggregate *reserves* estimates,
- verification and testing of *reserves* estimates.

The determination of *oil* and *gas reserves* involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of *proved*, *probable*, and *possible reserves* have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of *reserves* requires the application of professional judgement combined with geological and engineering knowledge to assess whether or not specific *reserves* classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply *reserves* definitions. These concepts are presented and discussed in greater detail within the guidelines in Section 5.5 [of the *COGE Handbook*].

The following definitions apply to both estimates of individual *reserves* entities and the aggregate of *reserves* for multiple entities.

Reserves Categories

Reserves are estimated remaining quantities of *oil* and *natural gas* and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions¹, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates

- (a) **Proved reserves** are those *reserves* that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated *proved reserves*.
- (b) **Probable reserves** are those additional *reserves* that are less certain to be recovered than *proved reserves*. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated *proved* plus *probable reserves*.
- (c) **Possible reserves** are those additional *reserves* that are less certain to be recovered than *probable reserves*. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated *proved* plus *probable* plus *possible reserves*.

Other criteria that must also be met for the categorization of *reserves* are provided in [Section 5.5 of the *COGE Handbook*].

Development and Production Status

Each of the *reserves* categories (*proved*, *probable* and *possible*) may be divided into *developed* and *undeveloped* categories:

¹ For the purposes of NI 51-101, the key economic assumptions will be the prices and costs used in the estimate, namely:

- (a) **constant prices and costs** as at the last day of a reporting issuer's financial year; or
- (b) **forecast prices and costs**.

- (a) **Developed reserves** are those *reserves* that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the *reserves* on production. The *developed* category may be subdivided into producing and non-producing.
- (i) **Developed producing reserves** are those *reserves* that are expected to be recovered from completion intervals open at the time of the estimate. These *reserves* may be currently producing or, if shut-in, they must have previously been on *production*, and the date of resumption of *production* must be known with reasonable certainty.
- (ii) **Developed non-producing reserves** are those *reserves* that either have not been on *production*, or have previously been on *production*, but are shut-in, and the date of resumption of *production* is unknown.
- (b) **Undeveloped reserves** are those *reserves* expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of *production*. They must fully meet the requirements of the *reserves* classification (*proved*, *probable*, *possible*) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool *reserves* between the *developed* and *undeveloped* categories or to subdivide the *developed reserves* for the pool between *developed producing* and *developed non-producing*. This allocation should be based on the estimator's assessment as to the *reserves* that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and *production* status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which *reserves* calculations are performed) and to reported *reserves* (which refers to the highest-level sum of individual entity estimates for which *reserves* estimates are presented). Reported *reserves* should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated *proved reserves*;
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable reserves*; and
- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable* plus *possible reserves*.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various *reserves* categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of *reserves* estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with *reserves* estimates and the effect of aggregation is provided in Section 5.5.3 [of the *COGE Handbook*].

**APPENDIX 2
TO
COMPANION POLICY 51-101CP
STANDARDS OF DISCLOSURE
FOR OIL AND GAS ACTIVITIES**

SAMPLE RESERVES DATA DISCLOSURE

Format of Disclosure

NI 51-101 and *Form 51-101F1* offer *reporting issuers* considerable flexibility in the format of their disclosure of *reserves data* and related information. Whatever format and level of detail a *reporting issuer* chooses to use in satisfying the requirements of *NI 51-101*, the objective should be to enable reasonable investors to understand and assess the information, and compare it to corresponding information presented by the *reporting issuer* for other reporting periods or to similar information presented by other *reporting issuers*, in order to be in a position to make informed investment decisions concerning securities of the *reporting issuer*.

A logical and legible layout of information, use of descriptive headings, and consistency in terminology and presentation from document to document and from period to period, are all likely to further that objective.

Reporting issuers and their advisers are reminded of the materiality standard under section 1.4 of *NI 51-101*, and of the instructions in *Form 51-101F1*. See also sections 1.2, 2.2, 2.3 and 2.9 of Companion Policy 51-101CP.

Sample Tables

The following sample tables provide an example of how certain of the *reserves data* might be presented in a manner consistent with *NI 51-101*. Other manners of presentation may also satisfy the requirements of *NI 51-101*.

These sample tables do not reflect all of the information required by *Form 51-101F1*, and they have been simplified to reflect *reserves* in one country only. For the purpose of illustration, the sample tables also incorporate information not mandated by *NI 51-101* but which *reporting issuers* might wish to include in their disclosure; shading indicates this non-mandatory information.

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
as of December 31, 2003
CONSTANT PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS ⁽¹⁾		NATURAL GAS LIQUIDS	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)
PROVED								
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

- (1) Estimates of reserves of natural gas may be reported separately for (i) associated and non-associated gas (combined) and (ii) solution gas.

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE									
	BEFORE INCOME TAXES DISCOUNTED AT (%/year)					AFTER INCOME TAXES DISCOUNTED AT (%/year)				
	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)
PROVED										
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx




OPTIONAL

Reference: Item 2.1(1) and (2) of Form 51-101F1

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
as of December 31, 2003
CONSTANT PRICES AND COSTS**

RESERVES CATEGORY	REVENUE (M\$)	ROYALTIES (M\$)	OPERATING COSTS (M\$)	DEVELOPMENT COSTS (M\$)	WELL ABANDONMENT COSTS (M\$)	FUTURE NET REVENUE BEFORE INCOME TAXES (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES (M\$)
Proved Reserves	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Proved Plus Probable Reserves	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

 OPTIONAL

Reference: Item 2.1(3)(b) of Form 51-101F1

**FUTURE NET REVENUE
BY PRODUCTION GROUP
as of December 31, 2003
CONSTANT PRICES AND COSTS**

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)
Proved Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	xxx
	Heavy Oil (including solution gas and other by-products)	xxx
	Natural Gas (including by-products but excluding solution gas from oil wells)	xxx
Proved Plus Probable Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	xxx
	Heavy Oil (including solution gas and other by-products)	xxx
	Natural Gas (including by-products but excluding solution gas from oil wells)	xxx

 OPTIONAL

Reference: Item 2.1(3)(c) of Form 51-101F1

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
as of December 31, 2003
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS ⁽¹⁾		NATURAL GAS LIQUIDS	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)
PROVED								
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

- (1) Estimates of reserves of natural gas may be reported separately for (i) associated and non-associated gas (combined) and (ii) solution gas.

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE									
	BEFORE INCOME TAXES DISCOUNTED AT (%/year)					AFTER INCOME TAXES DISCOUNTED AT (%/year)				
	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)
PROVED										
Developed Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Developed Non-Producing	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Undeveloped	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
PROBABLE	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
TOTAL PROVED PLUS PROBABLE	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx

Reference: Item 2.2(1) and (2) of Form 51-101F1

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
as of December 31, 2003
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	REVENUE (M\$)	ROYALTIES (M\$)	OPERATING COSTS (M\$)	DEVELOPMENT COSTS (M\$)	WELL ABANDONMENT COSTS (M\$)	FUTURE NET REVENUE BEFORE INCOME TAXES (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES (M\$)
Proved Reserves	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Proved Plus Probable Reserves	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

Reference: Item 2.2(3)(b) of Form 51-101F1

**FUTURE NET REVENUE
BY PRODUCTION GROUP
as of December 31, 2003
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)
Proved Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	xxx
	Heavy Oil (including solution gas and other by-products)	xxx
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	xxx
Proved Plus Probable Reserves	Light and Medium Crude Oil (including solution gas and other by-products)	xxx
	Heavy Oil (including solution gas and other by-products)	xxx
	Natural Gas (including by-products but excluding solution gas from oil wells)	xxx

Reference: Item 2.2(3)(c) of Form 51-101F1

SUMMARY OF PRICING ASSUMPTIONS
as of December 31, 2003

CONSTANT PRICES AND COSTS

Year	OIL ⁽¹⁾				NATURAL GAS ⁽¹⁾ AECO Gas Price (\$Cdn/MMBtu)	NATURAL GAS LIQUIDS FOB Field Gate (\$Cdn/bbl)	EXCHANGE RATE ⁽²⁾ (\$US/\$Cdn)
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40 ⁰ API (\$Cdn/bbl)	Hardisty Heavy 12 ⁰ API (\$Cdn/bbl)	Cromer Medium 29.3 ⁰ API (\$Cdn/bbl)			
Historical (Year End)							
2000	xx	xx	xx	xx	xx	xx	xx
2001	xx	xx	xx	xx	xx	xx	xx
2002	xx	xx	xx	xx	xx	xx	xx
2003 (Year End)	xx	xx	xx	xx	xx	xx	xx

 OPTIONAL

- (1) This summary table identifies benchmark reference pricing schedules that might apply to a *reporting issuer*.
- (2) The exchange rate used to generate the benchmark reference prices in this table.

Reference: Item 3.1 of *Form 51-101 F1*

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
as of December 31, 2003
FORECAST PRICES AND COSTS

Year	OIL ⁽¹⁾				NATURAL GAS ⁽¹⁾ AECO Gas Price (\$Cdn/MMBtu)	NATURAL GAS LIQUIDS FOB Field Gate (\$Cdn/bbl)	INFLATION RATES ⁽²⁾ %/Year	EXCHANGE RATE ⁽³⁾ \$US/\$Cdn
	WTI Cushing Oklahoma \$US/bbl	Edmonton Par Price 40 ⁰ API \$Cdn/bbl	Hardisty Heavy 12 ⁰ API \$Cdn/bbl	Cromer Medium 29.3 ⁰ API \$Cdn/bbl				
Historical ⁽⁴⁾								
2000	xx	xx	xx	xx	xx	xx	xx	xx
2001	xx	xx	xx	xx	xx	xx	xx	xx
2002	xx	xx	xx	xx	xx	xx	xx	xx
2003	xx	xx	xx	xx	xx	xx	xx	xx
Forecast								
2004	xx	xx	xx	xx	xx	xx	xx	xx
2005	xx	xx	xx	xx	xx	xx	xx	xx
2006	xx	xx	xx	xx	xx	xx	xx	xx
2007	xx	xx	xx	xx	xx	xx	xx	xx
2008	xx	xx	xx	xx	xx	xx	xx	xx
Thereafter	xx	xx	xx	xx	xx	xx	xx	xx

OPTIONAL

- (1) This summary table identifies benchmark reference pricing schedules that might apply to a *reporting issuer*.
- (2) Inflation rates for forecasting prices and costs.
- (3) Exchange rates used to generate the benchmark reference prices in this table
- (4) Item 3.2 (1)(b) of *Form 51-101F1* also requires disclosure of the *reporting issuer's* weighted average historical prices for the most recent financial year (2003, in this example).

Reference: Item 3.2 of *Form 51-101 F1*

**RECONCILIATION OF
COMPANY NET RESERVES
BY PRINCIPAL PRODUCT TYPE**

[FORECAST/CONSTANT] PRICES AND COSTS ⁽¹⁾

FACTORS	LIGHT AND MEDIUM OIL			HEAVY OIL			ASSOCIATED AND NON-ASSOCIATED GAS		
	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)	Net Proved (MMcf)	Net Probable (MMcf)	Net Proved Plus Probable (MMcf)
December 31, 2002	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Extensions	xx	xx	xx	xx	xx	xx	xx	xx	xx
Improved Recovery	xx	xx	xx	xx	xx	xx	xx	xx	xx
Technical Revisions	xx	xx	xx	xx	xx	xx	xx	xx	xx
Discoveries	xx	xx	xx	xx	xx	xx	xx	xx	xx
Acquisitions	xx	xx	xx	xx	xx	xx	xx	xx	xx
Dispositions	xx	xx	xx	xx	xx	xx	xx	xx	xx
Economic Factors	xx	xx	xx	xx	xx	xx	xx	xx	xx
Production	xx	xx	xx	xx	xx	xx	xx	xx	xx
December 31, 2003	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

(1) A reconciliation of reserves estimates may be presented using either *constant prices and costs* or *forecast prices and costs* provided that the price and cost case is indicated in the disclosure of the reserves reconciliation.

Reference: Item 4.1 of Form 51-101F1

**RECONCILIATION OF CHANGES IN
NET PRESENT VALUES OF FUTURE NET REVENUE
DISCOUNTED AT 10% PER YEAR**

PROVED RESERVES

CONSTANT PRICES AND COSTS

PERIOD AND FACTOR	2003 (M\$)	2002 (M\$)
Estimated Future Net Revenue at Beginning of Year	xxx	xxx
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties	xx	xx
Net Change in Prices, Production Costs and Royalties Related to Future Production	xx	xx
Changes in Previously Estimated Development Costs Incurred During the Period	xx	xx
Changes in Estimated Future Development Costs	xx	xx
Extensions and Improved Recovery	xx	xx
Discoveries	xx	xx
Acquisitions of Reserves	xx	xx
Dispositions of Reserves	xx	xx
Net Change Resulting from Revisions in Quantity Estimates	xx	xx
Accretion of Discount	xx	xx
Net Change in Income Taxes	xx	xx
Estimated Future Net Revenue at End of Year	xxx	xxx

 OPTIONAL

Reference: Item 4.2 of *Form 51-101F1*

NOTES TO SAMPLE TABLES

- These sample tables do not reflect all of the information required by *Form 51-101F1*, and they have been simplified to reflect *reserves* in one country only, with no non-conventional *oil and gas activities*.
- For the purpose of illustration, the sample tables also incorporate information not mandated by *NI 51-101* but which *reporting issuers* might wish to include in their disclosure; shading indicates that this information is optional.
- "M\$" means thousands of dollars.
- The estimates of *future net revenue* presented in the sample tables do not represent fair market value. (Reference: Section 5.6 of *NI 51-101*).

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
04-Sep-2003	Ronald Craighead	Acuity Pooled Canadian Equity fund. - Trust Units	154,502.10	7,706.00
05-Sep-2003	Nelson Kaibun Pau	Acuity Pooled Income Trust Fund. - Trust Units	75,000.00	6,051.00
03-Sep-2003 08-Sep-2003	7 Purchasers	Acuity Pooled High Income Fund. - Trust Units	675,000.00	40,778.00
12-Sep-2003	MK Lorkel Holdings Co Ltd	Acuity Pooled Balanced Fund - Trust Units	150,000.00	9,064.00
12-Sep-2003	Rene Hubler	Acuity Pooled Conservative Asset Allocation - Trust Units	150,640.00	10,361.00
11-Sep-2003 16-Sep-2003	8 Purchasers	Acuity Pooled High Income Fund - Trust Units	841,089.07	50,879.00
12-Sep-2003 15-Sep-2003	Alice Luke; Lisa Charette	Acuity Pooled High Income Fund - Trust Units	79,923.36	4,836.00
15-Sep-2003	Dympna Carroll	Astris Energi Inc. - Units	250,000.00	384,615.00
10-Sep-2003	5 Purchasers	Aurizon Mines Ltd. - Units	2,020,000.00	1,010,000.00
15-Sep-2003	9 Purchasers	Azure Dynamics Corporation - Convertible Debentures	590,940.00	590,940.00
22-Sep-2003	Roger D. Rowan	Candor Ventures Corp. - Common Shares	301,000.00	430,000.00
18-Sep-2003	13 Purchasers	Celtic Exploration Ltd. - Common Shares	8,225,000.00	2,500,000.00
08-Sep-2003	16 Purchasers	Crystallex International Corporation - Special Warrants	9,234,798.00	2,184,000.00
16-Sep-2003	JML Resources Ltd.	Currie Rose Resources Inc. - Shares	50,000.00	500,000.00
12-Sep-2003	Lawrence Allan Lundy	Deer Creek Energy Limited - Common Shares	10,500.00	15,000.00

Notice of Exempt Financings

08-Sep-2003	CMP 2003 Resources Limited Partnership	Diadem Resources Ltd. - Flow-Through Shares	500,000.00	5,000,000.00
11-Sep-2003	71 Purchasers	Endev Energy Inc. - Common Shares	19,600,000.00	10,888,889.00
15-Sep-2003	4183010	Far West Mining Ltd. - Units	4,183,010.00	3,217,700.00
15-Sep-2003	9 Purchasers	FatPower - Units	247,366.00	4,947,320.00
10-Sep-2003	Canadian Imperial Bank of Commerce	First Asset Global Bond Trust - Units	3,100,000.00	1,368,470.00
09-Sep-2003	16 Purchasers	Flowing Energy Corporation - Units	997,500.00	350,000.00
08-Sep-2003	13 Purchasers	Fortune Minerals Limited - Common Shares	258,954,283.10	884,930.00
12-Sep-2003	Ontario Municipal Employees Retirement Board	Give and Go Holdings Corp. - Warrants	0.00	1,138,200.00
11-Sep-2003	7 Purchasers	Granite Disability Inc. - Common Shares	73.00	7,370.00
11-Sep-2003	7 Purchasers	Granite Disability Inc. - Notes	3,230,000.00	3,230,000.00
15-Sep-2003	Mosaic Venture Partners II Limited Partnership and Ontario Teachers Pension Plan Board	Grocery Gateway Inc. - Promissory note	2,300,000.00	2,300,000.00
15-Sep-2003	Cinram International Inc.	HSBC Short Term Investment Fund - Shares	1,000,000.00	99,682.00
12-Sep-2003	7 Purchasers	HXP Debenture Trust - Units	210,000.00	210.00
18-Sep-2003	Sallie Green	i3 Capital Partners Inc. - Common Shares	50,000.00	1,000,000.00
10-Sep-2003	Front Street Investment Mangement Inc.	iSee Media Inc. - Common Shares	200,000.00	200,000.00
17-Sep-2003 18-Sep-2003	3 Purchasers	IMAGIN Diagnostics, Inc. - Common Shares	20,000.00	2,000.00
11-Sep-2003	7 Purchasers	InterOil Corporation - Subscription Receipts	1,250,000.00	40,000.00
04-Sep-2003	Marlene Jackson	Kelso Technologies Inc. - Common Shares	10,000.00	200,000.00
12-Sep-2003	CPP Investment Board Real Estate Holdings Inc.	LaSalle Canada Realty Ltd. - Common Shares	10,233,576.32	102,336.00
12-Sep-2003	8 Purchasers	Luke Energy Ltd. - Common Shares	1,085,000.00	542,500.00
01-Aug-2003	4 Purchasers	MCAN Performance Strategies - Limited Partnership Units	5,350,000.00	402.00
10-Sep-2003	19 Purchasers	Midnight Oil & Gas Ltd. - Common Shares	9,245,200.00	1,315,000.00

Notice of Exempt Financings

17-Sep-2003	Sun Life Assurance Company of Canada	Molson Inc. - Notes	23,000,000.00	100.00
16-Sep-2003	Sprott Asset Management Inc.	Mountain Lake Resources Inc. - Common Shares	850,000.00	1,000,000.00
11-Sep-2003	4 Purchasers	Navigator Exploration Corp. - Units	539,900.00	1,799,667.00
15-Sep-2003	Kirk K. Mandy	NETISTIX TECHNOLOGIES CORPORATION - Common Shares	100,000.00	200,000.00
10-Sep-2003	The Canadian Depository for Securities Limited;RBC Dominion Securities Inc.	Norske Skog Canada Limited - Notes	443,917.00	16.00
10-Sep-2003	106 Purchasers	NuVista Energy Ltd. - Common Shares	10,850,805.00	1,476,300.00
05-Sep-2003	Greg & Leanne Frost	O'Donnell Emerging Companies Fund - Units	20,000.00	2,674.00
18-Sep-2003	9 Purchasers	Online Hearing.com Inc. - Convertible Debentures	42,500.00	9.00
08-Sep-2003	3 Purchasers	OntZinc Corporation - Units	250,000.00	2,772,727.00
12-Sep-2003	3 Purchasers	Passion Media Inc. - Units	60,000.00	400,000.00
11-Sep-2003	Omar Fattah	PGM Ventures Corporation - Units	30,000.00	107,142.00
12-Sep-2003	The K2 Principal Fund L.P.	Queenstake Resources Ltd. - Units	78,000.00	100,000.00
12-Sep-2003	The K2 Principal Fund L.P.	Queenstake Resources Ltd. - Units	234,000.00	300,000.00
16-Sep-2003	Sharon Hall and Dewey	Quorum Information Technologies Inc. - Common Shares	30,000.00	60,000.00
16-Sep-2003	Royal Bank of Canada	RBC Capital Trust - Special Trust Securities	189,000,000.00	189,000.00
10-Sep-2003	13 Purchasers	Rival Energy Inc. - Flow-Through Shares	3,462,095.00	2,179,800.00
09-Sep-2003	7 Purchasers	Shore Gold Inc. - Units	165,900.00	150,000.00
12-Sep-2003	5 Purchasers	Sunridge Gold Corp. - Common Shares	700,000.00	700,000.00
15-Sep-2003	7 Purchasers	Tempest Energy Corp. - Flow-Through Shares	13,889,498.00	1,984,214.00
17-Sep-2003	17 Purchasers	True Energy Inc. - Common Shares	4,948,450.00	4,303,000.00
12-Sep-2003	Sprott Asset Management Inc.	VoicelQ Inc. - Common Shares	3,010,000.00	4,300,000.00

Notice of Exempt Financings

10-Sep-2003	Stan G. Hawkins	Yangarra Resources Inc. - Common Shares	21,000.00	50,000.00
08-Sep-2003	Sheldon Kales	Yangtze Telecom Corp. - Common Shares	69,125.00	276,500.00

RESALE OF SECURITIES - (FORM 45-501F2)

<u>Transaction Date</u>	<u>Seller</u>	<u>Security</u>	<u>Total Selling Price</u>	<u>Number of Securities</u>
05-Sep-2003	United Reef Limited	AXMIN Inc. - Common Shares		20,000.00

NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3

<u>Seller</u>	<u>Security</u>	<u>Number of Securities</u>
Ralph Sickinger	Carma Financial Services Corporation - Common Shares	768,500.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	429,665.00
Michael Serruya	Coolbrands International Inc. - Shares	395,756.00
F.D.L. & Associates Ltee	Cossette Communication Group Inc. - Shares	50,000.00
Estill Holdings Limited	EMJ Data Systems Ltd. - Common Shares	344,500.00
Vision J.M.P. Inc.	Groupe Cossette Communication Inc. - Shares	44,950.00
F.D.L. & Associates Ltee	Groupe Cossette Communication Inc. - Shares	74,794.00
Lauren Communication Ltd.	Groupe Cossette Communication Inc. - Shares	24,350.00
Communipro Ltee	Groupe Cossette Communication Inc. - Shares	227,375.00
Concrtmedia inc.	Groupe Cossette Communication Inc. - Shares	22,925.00
Communigestart Inc.	Groupe Cossette Communication Inc. - Shares	22,300.00
Les Investissement Maba inc.	Groupe Cossette Communication Inc. - Shares	24,875.00
Communication Mens Sana Incorporee	Groupe Cossette Communication Inc. - Shares	7,875.00
Conrad M Black	Hollinger Inc. - Preferred Shares	1,611,039.00
The Schad Foundation	Husky Injection Molding Systems Ltd. - Common Shares	1,000,000.00
824401 Alberta Inc.	Husky Injection Molding Systems Ltd. - Common Shares	500,000.00
Victor D'Souza	Imperial Plastech Inc. - Common Shares	5,057,233.00
Michael R. Faye	Spectra Inc. - Common Shares	450,000.00
Michael Carten Professional Corporation	Sustainable Energy Technologies Ltd. - Common Shares	1,000,000.00
Discovery Capital Corporation	Vigil Health Solutions Inc. - Common Shares	1,647,432.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Aliant Inc.

Principal Regulator - Nova Scotia

Type and Date:

Preliminary Short Form Prospectus dated September 22, 2003

Mutual Reliance Review System Receipt dated September 22, 2003

Offering Price and Description:

\$339,833,312.00 - 26,141,024 Subscription Receipts to acquire Common Shares of STRATOS GLOBAL CORPORATION (represented by Instalment Receipts) Price: \$13.00 per Subscription Receipt, of which \$6.50 is Payable on Closing

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

National Bank Financial Inc.

Promoter(s):

-

Project #575445

Issuer Name:

Angiotech Pharmaceuticals, Inc.

Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated September 18, 2003

Mutual Reliance Review System Receipt dated September 18, 2003

Offering Price and Description:

\$ * - 5,000,000 Common Shares Price : \$ * per Common Share

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Credit Sussie First Boston Canada Inc.

Raymond James Ltd.

Desjardins Securities Inc.

Merrill Lynch Canada Inc.

Sprott Securities Inc.

Merrill Lynch & Co

Lehman Brothers

Promoter(s):

-

Project #574860

Issuer Name:

Arctic Glacier Income Fund

Principal Regulator - Manitoba

Type and Date:

Preliminary Short Form Prospectus dated September 18, 2003

Mutual Reliance Review System Receipt dated September 18, 2003

Offering Price and Description:

\$40,400,000 - 4,000,000 Units Price: \$10.10 per Unit

Underwriter(s) or Distributor(s):

TD Securities Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

Wellington West Capital Inc.

Promoter(s):

-

Project #574816

Issuer Name:

ConjuChem Inc.

Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated September 19, 2003

Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

\$21,663,000.00 - 5,220,000 Common Shares Price: \$4.15 per Common Share

Underwriter(s) or Distributor(s):

Orion Securities Inc.

Sprott Securities Inc.

BMO Nesbitt Burns Inc.

Promoter(s):

-

Project #575209

Issuer Name:

Dundee Real Estate Investment Trust

Type and Date:

Preliminary Long Form Prospectus dated

Received on September 23, 2003

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #575874

Issuer Name:

EnerVest FTS Limited Partnership 2003

Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated September 19, 2003

Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

MAXIMUM 480,000 LIMITED PARTNERSHIP UNITS
(\$12,000,000)

MINIMUM 120,000 LIMITED PARTNERSHIP UNITS
(\$3,000,000)

Price: \$25.00 per Unit

Minimum Subscription: \$2,500 (100 Units)

Underwriter(s) or Distributor(s):

Griffiths McBurney & Partners

Wolverton Securities Ltd.

Promoter(s):

EverVest 2003 General Partner Corp.

EnerVest Resource Management Ltd.

Project #575260

Issuer Name:

Fortis Inc.

Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Short PREP

Prospectus dated September 17, 2003

Mutual Reliance Review System Receipt dated September 18, 2003

Offering Price and Description:

\$ * - * Subscription Receipts, each representing the right to receive one Common Share Price : \$ * per Subscription Receipt

Underwriter(s) or Distributor(s):

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

TD Securities Inc.

Beacon Securities Limited

Promoter(s):

-

Project #573843

Issuer Name:

INDEXPLUS 2 INCOME FUND

Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated September 23, 2003

Mutual Reliance Review System Receipt dated September 23, 2003

Offering Price and Description:

Maximum: \$ * (* Units) Price: \$10.00 per Unit - Minimum

Purchase: 200 Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

RBC Dominion Securities Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

Scotia Capital Inc.

HSBC Securities (Canada) Inc.

Canaccord Capital Corporation

Desjardins Securities Inc.

Dundee Securities Corporation

First Associates Investments Inc.

Middlefield Securities Inc.

Raymond James Ltd.

Wellington West Capital Inc.

Acadian Securities Incorporated

Research Capital Corporation

Promoter(s):

Middlefield Group Limited

Middlefield Indexplus 2 Management Limited

Project #575637

Issuer Name:

Industry Opportunities Split Corp.

Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated September 22, 2003

Mutual Reliance Review System Receipt dated September 23, 2003

Offering Price and Description:

\$ * , \$ * - * Capital Shares * Preferred Shares Prices: \$ * per Capital Share and \$ * per Preferred Share

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

RBC Dominion Securities Inc.

Project #575583

Issuer Name:

InnVest Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated September 23, 2003
Mutual Reliance Review System Receipt dated September 23, 2003

Offering Price and Description:

\$77,812,500.00 - 9.75% Convertible Unsecured
Subordinated Debentures, due June 30, 2007

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

-

Project #575740

Issuer Name:

MIX Structured Bond Class
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated September 22, 2003
Mutual Reliance Review System Receipt dated September 22, 2003

Offering Price and Description:

(Advisor Series and Series F Shares)

Underwriter(s) or Distributor(s):

Elliott & Page Limited

Elliott & Page Limited

Promoter(s):

Elliott & Page Limited

Project #575409

Issuer Name:

MUNDORO MINING INC.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated September 18, 2003
Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

\$ * - * Common Shares Price: \$ * per Common Share

Underwriter(s) or Distributor(s):

Dominick & Dominick Securities Inc.

Promoter(s):

Frank Cerie

Project #575059

Issuer Name:

ROW Entertainment Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated September 15, 2003
Mutual Reliance Review System Receipt dated September 17, 2003

Offering Price and Description:

\$ * - * Fund Units Price: \$10.00 per Fund Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

National Bank Financial Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

Raymond James Ltd.

Promoter(s):

Records on Wheels Limited

CD Plus Partnership

2002028 Ontario Limited

1505028 Ontario Limited

2002029 Ontario Limited

Project #574275

Issuer Name:

Viking Energy Royalty Trust
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated September 19, 2003
Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

\$42,840,000 - 6,800,000 Trust Units Price: \$6.30 per Trust Unit

Underwriter(s) or Distributor(s):

Scotia Capital Inc.

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

TD Securities Inc.

Promoter(s):

-

Project #575152

Issuer Name:

America Mineral Fields Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated September 19, 2003
Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

\$27,733,200.00 - 25,212,000 Common Shares @\$1.10 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #566110

Issuer Name:

Apollo Gold Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated September 19, 2003
Mutual Reliance Review System Receipt dated September 22, 2003

Offering Price and Description:

\$50,175,000.00 - 22,300,000 Common Shares PRICE:
\$2.25 per Common Share

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Promoter(s):

-

Project #569465

Issuer Name:

CAE Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated September 22, 2003
Mutual Reliance Review System Receipt dated September 22, 2003

Offering Price and Description:

\$175,028,000.00 - 26,600,000 Common Shares @\$6.58
per Common Share

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
TD Securities Inc.
Griffiths McBurney & Partners

Promoter(s):

-

Project #573642

Issuer Name:

Cameco Corporation
Principal Regulator - Saskatchewan

Type and Date:

Final Short Form Prospectus dated September 18, 2003
Mutual Reliance Review System Receipt dated September 18, 2003

Offering Price and Description:

\$200,000,000.00 - 5% Convertible Subordinated
Debentures due October 1, 2013 @Price: 100% plus
accrued interest, if any

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

-

Project #573195

Issuer Name:

Gabriel Resources Ltd.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated September 17, 2003
Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

\$45,750,000.00 - 15,000,000 Common Shares @3.05 per
Common Share

Underwriter(s) or Distributor(s):

Griffiths McBurney & Partners
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
TD Securities Inc.

Promoter(s):

-

Project #572661

Issuer Name:

HORIZONS GLOBAL MACRO FUND
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated September 16, 2003
Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

Mutual Fund Units at Net Asset Value

Underwriter(s) or Distributor(s):

Horizons Funds Inc.

Promoter(s):

Horizons Funds Inc.

Project #561551

Issuer Name:

Intertape Polymer Group Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated September 17, 2003
Mutual Reliance Review System Receipt dated September 17, 2003

Offering Price and Description:

\$50,000,000.00 - 5,000,000 Common Shares @\$10.00
per Common Share

Underwriter(s) or Distributor(s):

TD Securities Inc.
CIBC World Markets Inc.
Raymond James Ltd.

Promoter(s):

-

Project #572259

Issuer Name:

Neurochem Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated September 16, 2003
Mutual Reliance Review System Receipt dated September 17, 2003

Offering Price and Description:

US\$* - 4,200,000 Common Shares @\$* per Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #565812

Issuer Name:

Premium Income Corporation
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated September 22, 2003
Mutual Reliance Review System Receipt dated September 23, 2003

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
First Associates Investments Inc.
Mulvihill Capital Management Inc.

Promoter(s):

Mulvihill Capital Management Inc.

Project #550969

Issuer Name:

Provident Energy Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated September 22, 2003
Mutual Reliance Review System Receipt dated September 22, 2003

Offering Price and Description:

\$175,350,000.00 - 16,700,000 Trust Units and
\$75,000,000.00 - 8.75% Convertible Extendible Unsecured
Subordinated Debentures

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
Canaccord Capital Corporation
FirstEnergy Capital Corp.
Orion Securities Inc.

Promoter(s):

-

Project #573458

Issuer Name:

QSA US Large Cap Value 50 Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated September 19, 2003
Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

Mutual Fund Units at Net Asset Value

Underwriter(s) or Distributor(s):

Acker Finley Asset Management Inc.
Acker Finley Asset Management Inc.

Promoter(s):

Acker Finley Asset Management Inc.

Project #568354

Issuer Name:

RIOCAN REAL ESTATE INVESTMENT TRUST
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated September 22, 2003
Mutual Reliance Review System Receipt dated September 23, 2003

Offering Price and Description:

\$275,000,000.00 - Debt Securities (Senior Unsecured)

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #572520

Issuer Name:

Telesystem International Wireless Inc.

Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated September 19, 2003

Mutual Reliance Review System Receipt dated September 19, 2003

Offering Price and Description:

Cdn\$82,944,819.00 - 12,960,128 Common Shares

@\$6.40 per Common Share

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Promoter(s):

-

Project #573105

Issuer Name:

TimberWest Forest Corp.

Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated September 22, 2003

Mutual Reliance Review System Receipt dated September 23, 2003

Offering Price and Description:

\$65,000,000.00 - 7.0% Senior Debentures due October 1, 2007 (unsecured)

Underwriter(s) or Distributor(s):

Merrill Lynch Canada Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

HSBC Securities (Canada) Inc.

National Bank Financial Inc.

Promoter(s):

-

Project #573685

CORRECTED

Issuer Name:

Stake Technology Ltd.

Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated August 20, 2003

Mutual Reliance Review System Receipt dated August 21, 2003

Offering Price and Description:

US\$49,000,000.00 - 7,000,000 Common Shares at

US\$7.00 per Common Share

Underwriter(s) or Distributor(s):

Desjardins Securities Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

Loewen, Ondaatje and McCutcheon Limited

Octagon Capital Corporation

Promoter(s):

-

Project #563152

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Pacific Investment Management Company LLC Attention: Denise Banno 840 Newport Center Drive Newport Beach CA 92660 USA	International Adviser (Investment Counsel & Portfolio Manager)	Sep 23/03
New Registration	Beacon Securities Limited Attention: Jane Smith 1707 Grafton Street Halifax NS B3J 2C6	Investment Dealer	Sep 23/03
Change in Category (Categories)	Full Cycle Energy Investment Management Limited Attention: Henry Cohen 662 King Street West Suite 303 Toronto ON M5V 1M7	From: Limited Market Dealer Investment Counsel & Portfolio Manager To: Limited Market Dealer Investment Counsel & Portfolio Manager Commodity Trading Manager	Sep 17/03
Change in Category (Categories)	Roycap Securities Inc. Attention: Stephen Michael Rider 4100 Yonge Street Suite 504 Toronto ON M2P 2G2	Investment Counsel & Portfolio Manager	Sep 23/03
Change of Name	From: Gerard Klauer Mattison & Co., Inc. To: Harris Nesbitt Gerard, Inc.	International Dealer	Jul 03/03
Change of Name	From: Oppenheimer Capital To: Oppenheimer Capital, LLC	International Adviser (Investment Counsel & Portfolio Manager)	Dec 19/01
Change of Name	From: Tokyo-Mitsubishi Securities (USA), Inc. To: Mitsubishi Securities (USA), Inc.	International Dealer	Sep 01/03
Suspension of Registration	Altamira Securities 130 King Street West The Exchange Tower, Suite 900 Toronto ON M5X 1K9	Investment Dealer	Sep 17/03

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 K.J. Harrison & Partners Inc. - OSC Rule 13-502

Headnote

Item E(1) of Appendix C of OSC Rule 13-502 Fees – exemption for pooled funds from paying an activity fee of \$5,500 in connection with an application brought under subsection 147 of the Act, provided an activity fee be paid on the basis that the application be treated as an application for other regulatory relief under item E(3) of Appendix C of the Rule.

Rules Cited

Ontario Securities Commission Rule 13-502, Fees, (2003) 26 OSCB 891.
Securities Act, R.S.O. 1990, c. S.5 as am., ss. 77(2) and ss. 78(1).
National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

BY FAX

September 18, 2003

Ogilvy Renault
Suite 2100, P.O. Box 141
Royal Trust Tower, TD Centre
Toronto, Ontario
M5K 1H1

Attention: Teresa Vanessa Tropea

Dear Sirs/Mesdames:

**Re: K.J. Harrison & Partners Inc.
Application for Exemptive Relief under OSC
Rule 13-502 Fees (the “Rule” or “Rule 13-502”)
Application No. 627/03**

By letter dated September 8, 2003 (the “Application”), you applied on behalf of K.J. Harrison & Partners Inc. (“KJ Harrison”), the manager of certain pooled funds listed in the Application (the “Existing Pooled Funds”) and other pooled funds created and managed by KJ Harrison from time to time (collectively with the Existing Pooled Funds, the “Pooled Funds”), to the Ontario Securities Commission (the “Commission”) under subsection 147 of the Securities Act Ontario (the “Act”) for relief from subsections 77(2) and 78(1) of the Act, which requires every mutual fund in Ontario to file interim and comparative annual financial statements (the “Financial Statements”) with the Commission.

By letter dated September 10, 2003, you additionally applied to the securities regulatory authority in Ontario (the “Decision Maker”) on behalf of KJ Harrison, the manager of the Existing Pooled Funds, for an exemption, pursuant to subsection 6.1 of Rule 13-502, from the requirement to pay an activity fee of \$5,500 in connection with the Application in accordance with item E(1) of Appendix C of the Rule, on the condition that fees be paid on the basis that the Application be treated as an application for other regulatory relief under item E(3) of Appendix C of Rule 13-502.

Item E of Appendix C of Rule 13-502 specifies the activity fee applicable for applications for discretionary relief. Item E(1) specifies that applications under subsection 147 of the

Act pay an activity fee of \$5,500, whereas item E(3) specifies that applications for other regulatory relief pay an activity fee of \$1,500.

From our review of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. KJ Harrison is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario. KJ Harrison is the manager of the Existing Pooled Funds. KJ Harrison is registered as an investment dealer with the Investment Dealers Association.
2. The Existing Pooled Funds are open-end mutual fund trusts established under the laws of Ontario. The Existing Pooled Funds are not reporting issuers in Ontario. Units of the Existing Pooled Funds are distributed in Ontario without a prospectus pursuant to exemptions from the prospectus delivery requirements of applicable securities legislation.
3. The Existing Pooled Funds fit within the definition of “mutual fund in Ontario” in section 1(1) of the Act and are thus required to file Financial Statements with the Commission under subsections 77(2) and 78(1) of the Act.
4. Section 2.1(1)1 of National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR) (“Rule 13-101”) requires that every issuer required to file a document under securities legislation make its filing through SEDAR. The Financial Statements filed with the Commission thus become publicly available.
5. In the Application, KJ Harrison and the Pooled Funds have requested under subsection 147 of the Act relief from filing the Financial Statements

Other Information

with the Commission. The activity fee associated with the Application is \$5,500 in accordance with item E(1) of Appendix C of Rule 13-502.

6. If KJ Harrison and the Pooled Funds had, as an alternative to the Application, sought an exemption from the requirement to file the Financial Statements via SEDAR, the activity fee for that application would be \$1,500 in accordance with item E(3) of Appendix C of Rule 13-502.
7. If the Pooled Funds were reporting issuers seeking the same relief as requested in the Application, such relief could be sought under section 80 of the Act, rather than under subsection 147 of the Act, and the activity fee for that application would be \$1,500 in accordance with item E(3) of Appendix C of Rule 13-502.

Decision

This letter confirms that, based on the information provided in the Application, other communications to staff, and the facts and representations above, and for the purposes described in the Application, the Decision Maker hereby exempts KJ Harrison and the Pooled Funds from paying an activity fee of \$5,500 in connection with the Application, provided that KJ Harrison and the Pooled Funds pay an activity fee on the basis that the Application be treated as an application for other regulatory relief under item E(3) of Appendix C to Rule 13-502.

Yours truly,

“Susan Silma”

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