The Ontario Securities Commission

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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)

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1.1 Notices

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October 17, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- - - - - - - - - - - - - - - - - - - -

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

Ontario Securities Commission
Cadillac Fairview Tower
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Toronto, Ontario
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Judith N. Robertson	—	JNR
AnneMarie Ryan	—	AMR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

October 21, 2013 2:00 p.m.	**Children's Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
October 22, 2013 3:00 p.m.	**Knowledge First Financial Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
October 23 – November 4, November 6-12, November 14-18, November 20 – December 2, December 4-16 and December 18-20, 2013 10:00 a.m.	**Eda Marie Agueci, Dennis Wing, Santo Iacono, Josephine Raponi, Kimberley Stephany, Henry Fiorillo, Giuseppe (Joseph) Fiorini, John Serpa, Ian Telfer, Jacob Gornitzki and Pollen Services Limited** s. 127 C. Price in attendance for Staff Panel: EPK/DL/AMR
October 23, 2013 10:00 a.m.	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: JEAT

October 24, 2013 10:00 a.m.	**Energy Syndications Inc., Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock** s. 127 C. Johnson in attendance for Staff Panel: AJL
October 25, 2013 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK
October 28, 2013 10:00 a.m.	**Andrea Lee Mccarthy, BFM Industries Inc. and Liquid Gold International Corp. (aka Liquid Gold International Inc.)** s. 127 J. Feasby/C. Watson in attendance for Staff Panel: JDC
November 4 and November 6-18, 2013 10:00 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 D. Ferris in attendance for Staff Panel: JDC
November 5, 2013 3:00 p.m.	**Ground Wealth Inc., Michelle Dunk, Adrion Smith, Joel Webster, Douglas DeBoer, Armadillo Energy Inc., Armadillo Energy, Inc., and Armadillo Energy LLC** s. 127 J. Feasby in attendance for Staff Panel: MGC
November 11 and November 13-15, 2013 10:00 a.m.	**Portfolio Capital Inc., David Rogerson and Amy Hanna-Rogerson** s. 127 J. Lynch in attendance for Staff Panel: JEAT
November 12, 2013 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaiants, Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 D. Campbell in attendance for Staff Panel: VK
November 13, 2013 10:00 a.m.	**Weizhen Tang** s. 127 C. Rossi in attendance for Staff Panel: TBA
November 21, 2013 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 H. Craig in attendance for Staff Panel: JEAT

November 28-29, 2013 10:00 a.m.	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 and 127(1) D. Ferris in attendance for Staff Panel: MGC/CP
December 4, 2013 10:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: TBA
December 5, 2013 10:00 a.m.	**Quadrexx Asset Management Inc., Quadrexx Secured Assets Inc., Offshore Oil Vessel Supply Services LP, Quibik Income Fund and Quibik Opportunities Fund** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 12, 2013 10:00 a.m.	**Pro-Financial Asset Management Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 17, 2013 3:30 p.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 127 C. Watson in attendance for Staff Panel: EPK
January 13, January 15-27, January 29 – February 10, February 12-14 and February 18-21, 2014 10:00 a.m.	**International Strategic Investments, International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.** s. 127 C. Watson in attendance for Staff Panel: TBA
January 27, 2014 10:00 a.m.	**Welcome Place Inc., Daniel Maxsood also known as Muhammad M. Khan, Tao Zhang, and Talat Ashraf** s. 127 G. Smyth in attendance for Staff Panel: TBA
February 3, 2014 10:00 a.m.	**Tricoastal Capital Partners LLC, Tricoastal Capital Management Ltd. and Keith Macdonald Summers** s. 127 C Johnson/G. Smyth in attendance for Staff Panel: TBA

March 17-24 and March 26, 2014 10:00 a.m.	**Newer Technologies Limited, Ryan Pickering and Rodger Frey** s. 127 and 127.1 B. Shulman in attendance for staff Panel: TBA
March 27, 2014 10:00 a.m.	**AMTE Services Inc., Osler Energy Corporation, Ranjit Grewal, Phillip Colbert and Edward Ozga** s. 127 C. Rossi in attendance for Staff Panel: JEAT
March 31 – April 7, April 9-17, April 21 and April 23-30, 2014 10:00 a.m.	**Issam El-Bouji, Global RESP Corporation, Global Growth Assets Inc., Global Educational Trust Foundation and Margaret Singh** s. 127 and 127.1 M. Vaillancourt in attendance for Staff Panel: TBA
March 31 – April 7 and April 9-11, 2014 10:00 a.m.	**Ronald James Ovenden, New Solutions Capital Inc., New Solutions Financial Corporation and New Solutions Financial (Ii) Corporation** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
June 2, 4-6, 10-16, 18-20, 24-30, July 3-4, 8-14, 16-18, 22-25, August 11, 13-15, 19-25, 27-29, September 2-8, 10-15, October 15-20, 22-24, 28-31, November 3, 5-7, 11, 19-21, 25-28, December 1, 3-5, 9-15, 17-19, 2014, January 7-12, 14-16, 20-26, 28-30, and February 3- 9, 11-13, 2015	**Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho, Simon Yeung and David Horsley** s. 127 H. Craig in attendance for Staff Panel: TBA
September 15-22, September 24, September 29 – October 6, October 8-10, October 14-October 20, October 22 – November 3 and November 5-7, 2014 10:00 a.m.	**Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)** s. 127 T. Center/D. Campbell in attendance for Staff Panel: TBA
November 11-17, 19-21, November 25 – December 1, December 3-5, 9-15, 17-19, 2014, January 14-16, 20-26, 28-30, February 3-9, 11-13, 17-23, 25-27 and March 3-6, 2015 10:00 a.m.	**Ernst & Young LLP** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
May 1, 2015 10:00 a.m.	**Ernst & Young LLP (Audits of Zungui Haixi Corporation)** s. 127 and 127.1 J. Friedman in attendance for Staff Panel: TBA

In writing	**Morgan Dragon Development Corp., John Cheong (aka Kim Meng Cheong), Herman Tse, Devon Ricketts and Mark Griffiths** s. 127 J. Feasby in attendance for Staff Panel: EPK
In writing	**Blackwood & Rose Inc., Steven Zetchus and Justin Kreller (also known as Justin Kay)** s. 37, 127 and 127.1 C. Rossi in attendance for Staff Panel: JEAT
In writing	**Bunting & Waddington Inc., Arvind Sanmugam and Julie Winget** s. 127 and 127.1 M. Britton/A. Pelletier in attendance for Staff Panel: EPK
In writing	**Global Consulting and Financial Services, Global Capital Group, Crown Capital Management Corp., Michael Chomica, Jan Chomica and Lorne Banks** s. 127 C. Rossi in attendance for Staff Panel: AJL
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 Panel: TBA
TBA	**Gold-Quest International and Sandra Gale** s. 127 C. Johnson in attendance for Staff Panel: TBA
TBA	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: TBA
TBA	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: TBA

TBA **Crown Hill Capital Corporation and Wayne Lawrence Pushka**

s. 127

A. Perschy/A. Pelletier in attendance for Staff

Panel: TBA

TBA **Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg**

s. 127

H Craig in attendance for Staff

Panel: TBA

TBA **Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus**

s. 60 and 60.1 of the *Commodity Futures Act*

T. Center in attendance for Staff

Panel: TBA

TBA **Global RESP Corporation and Global Growth Assets Inc.**

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA **Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein**

s. 127

J. Friedman in attendance for Staff

Panel: TBA

TBA **New Hudson Television LLC & Dmitry James Salganov**

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA **Jowdat Waheed and Bruce Walter**

s. 127

J. Lynch in attendance for Staff

TBA **Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.**

s. 127

J. Feasby in attendance for Staff

Panel: TBA

Conrad M. Black, John A Boultbee and Peter Y. Atkinson

s. 127 and 127.1

J. Friedman in attendance for Staff

Panel: TBA

TBA **2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov**

s. 127

D. Campbell in attendance for Staff

Panel: TBA

TBA **Kevin Warren Zietsoff**

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA **North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti**

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA **David Charles Phillips and John Russell Wilson**

s. 127

Y. Chisholm/B. Shulman in attendance for Staff

Panel: TBA

TBA **Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (also known as Peter Kuti), Jan Chomica, and Lorne Banks**

s. 127

C. Rossi in attendance for Staff

Panel: TBA

TBA **Heritage Education Funds Inc.**

s. 127

D. Ferris in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia

1.2 Notices of Hearing

1.2.1 Jerome John Rak – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
JEROME JOHN RAK

NOTICE OF HEARING
(Subsections 127(1) and 127(10))

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on October 29, 2013 at 11:00 a.m.;

TO CONSIDER whether, pursuant to paragraphs 4 and 5 of subsection 127(10) of the Act, it is in the public interest for the Commission:

1. to make an order against Jerome John Rak ("Rak") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by him of any reporting issuer with which he is in a special relationship cease until December 8, 2021;

    b. pursuant to paragraph 7 of subsection 127(1) of the Act, he resign any positions that he holds as director or officer of an issuer; and

    c. pursuant to paragraph 8 of subsection 127(1) of the Act, he be prohibited from becoming or acting as an officer or director of an issuer until December 8, 2016;

2. to make such other order or orders as the Commission considers appropriate;

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated October 9, 2013 and by reason of an order of the British Columbia Securities Commission dated December 8, 2011, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on October 29, 2013 at 11:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1 of the *Statutory Powers Procedures Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 9th day of October, 2013.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
JEROME JOHN RAK

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. OVERVIEW

1. On December 8, 2011, Jerome John Rak ("Rak") entered into a settlement agreement with the British Columbia Securities Commission ("BCSC") (the "Settlement Agreement").

2. Rak is subject to an order made by the BCSC dated December 8, 2011 (the "BCSC Order") that imposes sanctions, conditions, restrictions or requirements upon him.

3. In the Settlement Agreement, Rak consented to any securities regulator in Canada relying on the facts admitted in his Settlement Agreement for the purpose of making a similar order.

4. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC Order, pursuant to paragraphs 4 and 5 of subsection 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

5. The conduct for which Rak was sanctioned occurred in August 2009.

II. THE BCSC PROCEEDINGS

Facts Agreed to by Rak

6. In his Settlement Agreement, Rak admitted the following:

   a. Velo Energy Inc. ("Velo") is an Alberta company and a reporting issuer whose shares traded on the TSX Venture Exchange. At all relevant times, Velo maintained a business address in Vancouver, British Columbia. On July 22, 2010, Velo changed its name to Canadian Overseas Petroleum.

   b. Belmont Capital Corporation ("Belmont") is a private British Columbia holding company.

   c. Rak is a resident of West Vancouver, British Columbia, and the sole director, officer and shareholder of Belmont. Rak utilizes Belmont for tax purposes to make investments in securities of reporting issuers. Rak has sole trading authority over Belmont's trading accounts.

   d. Arthur Millholland ("Millholland") is a resident of Calgary, Alberta, and formerly the president and chief executive officer (CEO) of the now defunct Oilexco Inc., which was an oil exploration and development company with assets in the North Sea.

   e. On August 4, 2009, Millholland came from Calgary and attended a meeting in West Vancouver with Frank Guistra, Ron Brimacombe and Rak. After that meeting, there was a verbal agreement that Millholland would become Velo's president and CEO if the results of Millholland's due diligence were satisfactory.

   f. William Smith QC, a solicitor from Calgary, Alberta, and an associate of Millholland's, was to conduct the due diligence.

   g. On August 5, 2009, Millholland began drafting the news release that would announce he had become the new president and CEO of Velo (the "News Release"). On August 6, 2009, Millholland sent the draft News Release to Rak.

   h. The due diligence was not completed by Smith until approximately 4:00 p.m. (EST) on August 7, 2009, at which time Smith gave final approval to issue the release.

i. After the close of the market on Friday, August 7, 2009, Velo issued the News Release. Velo's share price closed that day at $0.20 per share. On August 10, 2009, Velo's share price rose to a high of $0.495.

j. On August 5, 6 and 7, 2009, Rak, through Belmont, bought 172,000 shares of Velo at a cost of approximately $32,188:

Date	Volume	Eastern Time	Price
05/08/2009	75,000	2:16:51 p.m.	$0.17
06/08/2009	7,000	3:53:20 p.m.	$0.17
07/08/2009	30,000	3:07:31 p.m.	$0.19
07/08/2009	9,500	3:07:31 p.m.	$0.195
07/08/2009	10,500	3:07:31 p.m.	$0.195
07/08/2009	17,500	3:16:06 p.m.	$0.195
07/08/2009	22,500	3:21:25 p.m.	$0.195
	172,000		

k. Prior to August 5, 2009, Rak was a significant buyer of Velo shares. Between April 1, 2009 and August 1, 2009, Rak bought 2,766,000 shares of Velo through Belmont. Rak's Velo shares were converted to 704,625 shares of Canadian Overseas Petroleum (XOP) in August, 2010. Rak sold only 243,000 of the XOP shares in November 2010 and continues to hold 461,625 shares. With respect to the 172,000 shares referred to in paragraph (j) above, he did not sell any of them until December 1, 2009, at which time, he sold 22,000 shares. Rak sold the remainder of the 150,000 Velo shares (converted into 37,500 shares of XOP) in November 30, 2010.

l. Rak agrees that between August 5 and August 7, 2009, he was in a special relationship with Velo, and knew that there was a reasonable likelihood that Millholland would become its new president and CEO before it was generally disclosed, and purchased securities of Velo through Belmont's trading account, contrary to section 57.2 of the Act.

m. Notwithstanding that Rak did not sell the shares on August 10, 2009, Rak agrees that if he had sold them on that date, he could have realized a profit of up to $52,951.

The BCSC Order

7. In its Order dated December 8, 2011, the BCSC imposed the following sanctions:

a. pursuant to section 161(1)(b) of the *Securities Act*, RSBC 1996, c. 418 (the "BC Act"), Rak is prohibited from purchasing or trading securities or exchange contracts of any reporting issuer with whom he is in a special relationship for ten years; and

b. pursuant to section 161(1)(d)(ii) of the BC Act, Rak is prohibited from acting as a director or officer of any reporting issuer for five years.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

8. In the Settlement Agreement, Rak agreed to be made subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements on him, and Rak consented to any securities regulator in Canada relying on the facts admitted in the Settlement Agreement for the purpose of making an order similar to the BCSC Order.

9. Rak is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements.

10. Pursuant to paragraphs 4 and 5, respectively, of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company, or an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

11. Staff allege that it is in the public interest to make an order against Rak.

12. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

13. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission's Rules of Procedure.

DATED at Toronto, this 9th day of October, 2013.

1.4 Notices from the Office of the Secretary

1.4.1 Portfolio Capital et al.

FOR IMMEDIATE RELEASE
October 10, 2013

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON
AND AMY HANNA-ROGERSON

TORONTO – The Commission issued an Order in the above noted matter which provides that:

(a) the hearing dates of November 4, 6, 7 and 8, 2013 are vacated;

(b) the hearing on the merits in this matter shall commence on November 11, 2013 at 10:00 a.m. and shall continue on November 13, 14 and 15, 2013;

(c) the hearing is adjourned to a further pre-hearing conference to be held on October 17, 2013 at 2:00 p.m.;

(d) the motion brought by counsel to Rogerson and Portfolio Capital to adjourn the commencement date of November 11, 2013 for the hearing on the merits will be heard immediately following the pre-hearing conference scheduled for October 17, 2013; and

(e) the Respondents shall be granted one last indulgence and shall provide their hearing briefs, will-say statements and witness list to Staff by October 29, 2013.

The pre-hearing conference will be held *in camera.*

A copy of the Order dated October 9, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.2 Normand Gauthier et al.

FOR IMMEDIATE RELEASE
October 10, 2013

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

TORONTO – The Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Normand Gauthier, Gentree Asset Management Inc., R.E.A.L. Group Fund III (Canada) LP, and CanPro Income Fund I, LP.

A copy of the Order dated October 8, 2013, the Settlement Agreement dated October 2, 2013 and the Undertaking to the Ontario Securities Commission dated October 2, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.3 Normand Gauthier et al.

FOR IMMEDIATE RELEASE
October 10, 2013

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

TORONTO – The Commission issued an Order in the above named matter which provides that the date of October 11, 2013 scheduled for a confidential pre-hearing conference, and the dates of October 15, 2013 through to October 29, 2013 scheduled for the hearing on the merits, are vacated.

A copy of the Order dated October 8, 2013 is available at www.osc.gov.on.ca.

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JOHN P. STEVENSON
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1.4.4 Pro-Financial Asset Management Inc.

FOR IMMEDIATE RELEASE
October 11, 2013

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

TORONTO – The Commission issued an Order in the above named matter which provides that:

1. the Temporary Order is extended to December 15, 2013;

2. the affidavit of Michael Ho sworn October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the written submissions of the parties dated October 8 and 9, 2013 will be treated as confidential documents until further order of the Commission;

3. the hearing to consider whether to: (i) make any further order as to PFAM's registration as an adviser in the category of PM or in respect of its operation as an IFM, as a result of PFAM's ongoing capital deficiency; and/or (ii) otherwise vary or extend the terms of the Temporary Order, will proceed on December 12, 2013 at 10:00 a.m.

A copy of the Order dated October 11, 2013 is available at www.osc.gov.on.ca.

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1.4.5 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
October 15, 2013

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

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER, DOUGLAS DeBOER,
ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC.
and ARMADILLO ENERGY LLC

TORONTO – The Commission issued an Order in the above noted matter which provides that:

1. The pre-hearing conference is adjourned and shall continue on November 5, 2013, at 2:30 p.m.;

2. The hearing in relation to the extension of the February 2013 Temporary Order is adjourned and shall continue on November 5, 2013, at 3:00 p.m.; and,

3. The February 2013 Temporary Order is extended to November 8, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith.

A copy of the Order dated October 11, 2013 is available at www.osc.gov.on.ca.

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1.4.6 Jerome John Rak

FOR IMMEDIATE RELEASE
October 15, 2013

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

AND

IN THE MATTER OF
JEROME JOHN RAK

TORONTO – The Office of the Secretary issued a Notice of Hearing on October 9, 2013, setting the matter down to be heard on October 29, 2013 at 11:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated October 9, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated October 9, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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1.4.7 Global Consulting and Financial Services et al.

FOR IMMEDIATE RELEASE
October 15, 2013

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
CROWN CAPITAL MANAGEMENT CORPORATION,
CANADIAN PRIVATE AUDIT SERVICE,
EXECUTIVE ASSET MANAGEMENT,
MICHAEL CHOMICA, PETER SIKLOS (also known as PETER KUTI), JAN CHOMICA, AND LORNE BANKS

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that the Amended Temporary Order against Siklos is extended to the tenth business day following the final disposition in the Section 122 Proceedings against Siklos, which, for greater clarity, includes the issuance of any written judgment in connection with the trial and, if required, the sentencing of Siklos.

A copy of the Temporary Order dated October 9, 2013 is available at www.osc.gov.on.ca.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Granite REIT Holdings Limited Partnership

Headnote

NI 44-101 Short Form Prospectus Distributions, s. 8.1 – credit supporter wants relief from basic qualification criteria – exemption granted subject to conditions including that credit supporter continue to comply with conditions of continuous disclosure relief.

NI 44-102 Shelf Distributions, s. 11.1 – credit supporter wants relief from qualification criteria – exemption granted subject to conditions including that credit supporter continue to comply with conditions of continuous disclosure relief.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
National Instrument 44-102 Shelf Distributions, s. 11.1.

August 23, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO
(THE JURISDICTION)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
GRANITE REIT HOLDINGS LIMITED PARTNERSHIP
(THE FILER)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting the Filer relief from:

(a) section 2.1 of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) that an issuer shall not file a prospectus in the form of Form 44-101F1 *Short Form Prospectus* (**Form 44-101F1**) unless the issuer is qualified under any of sections 2.2 to 2.6 of NI 44-101 (the **Short Form Prospectus Eligibility Requirements**); and

(b) section 2.1 of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) that an issuer shall not file a short form prospectus that is a base shelf prospectus unless the issuer is qualified to do so under NI 44-102 (the **Shelf Prospectus Eligibility Requirements**),

collectively, the **Exemption Sought**.

Furthermore, the principal regulator has received an application from the Filer for a decision under the Legislation that the application for this decision, the supporting materials and this decision (collectively, the **Confidential Material**) be kept confidential pursuant to section 5.4 of National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**), as amended, from time to time until the earlier of: (i) the date on which the Filer issues and files a news release announcing the offering of Debt Securities (as defined herein); (ii) the date on which the Filer files a preliminary prospectus in connection with the offering of Debt Securities in reliance on the relief granted pursuant to Exemption Sought; (iii) the date that the Filer advises the principal regulator that there is no longer any need for the Confidential Material to remain confidential; and (iv) the date that is 90 days after the date of this decision (the **Confidentiality Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for the Application;

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* or MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

General

1. Granite Real Estate Investment Trust (**Granite REIT**) is a Canadian-based real estate investment trust engaged, directly and through its subsidiaries, primarily in the acquisition, development, construction, leasing, management and ownership of a predominantly industrial rental portfolio of properties in North America and Europe.

2. As part of a plan of arrangement providing for the conversion of Granite Real Estate Inc. (**Granite**), a corporation continued under the laws of Québec, from a corporate structure to a "stapled unit" real estate investment trust structure, through a series of steps, each holder of common shares of Granite exchanged such common shares for units of Granite REIT (**Granite REIT Units**) and common shares of Granite REIT Inc. (**Granite GP**) (**Granite GP Common Shares**) on a one-for-one basis.

3. Each Granite REIT Unit is stapled to a Granite GP Common Share (together, a **Stapled Unit**) and the two securities trade together as Stapled Units on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**) (the **Stapled Structure**). The Stapled Units are listed and posted for trading on the TSX and the NYSE. The Granite REIT Units and Granite GP Common Shares forming the Stapled Units are separately listed, but not separately posted for trading, on the TSX, as is the case with other stapled unit structures.

The Filer

4. The Filer is a limited partnership formed under the laws of Québec.

5. The Filer's registered office is located at 600 De Maisonneuve Boulevard, Suite 2200, Montreal, Québec, H3A 2J2, and its head office is located at 77 King Street West, Suite 4010, Toronto, Ontario, M5K 1H1.

6. The Filer is a reporting issuer, or the equivalent, in each province and territory of Canada.

7. All of the limited partnership units of the Filer (which will represent approximately 99.999% of the economic entitlement in the Filer) are held by Granite REIT, with the general partnership interest (which will represent not more than approximately 0.001% of the economic entitlement in the Filer) remaining held by Granite GP.

8. The only material assets of Granite REIT are the limited partnership interests in the Filer, and the only material asset of Granite GP is its relatively nominal general partner interest in the Filer. Granite REIT does not own any equity securities of Granite GP, and Granite GP does not own any equity securities of Granite REIT.

9. On December 21, 2012, Granite received (i) on behalf of itself and Granite REIT and Granite GP, exemptive relief (the Parent CD Relief) from a number of the continuous disclosure requirements of the securities legislation in the Jurisdiction including, in particular, those relating to financial statement and management's discussion and analysis (MD&A) disclosure to permit Granite REIT and Granite GP to prepare, file and deliver one set of financial statements prepared on a combined basis (Combined Financial Statements) using the accounting principles applicable to Granite REIT and Granite GP pursuant to the securities legislation of the Jurisdiction (Applicable Accounting Principles), and related MD&A, to reflect the financial position and results of Granite REIT and Granite GP on a combined basis, instead of each of them preparing, filing and delivering their own stand-alone financial statements, while the Stapled Structure is in place, and (ii) on behalf of itself and the Filer, exemptive relief (the LP CD Relief) from a number of the continuous disclosure requirements of the securities legislation in the Jurisdiction, subject to certain conditions including that any reference to "parent credit supporter" in section 13.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) shall be deemed to include both Granite REIT and Granite GP, taken together.

The Prospectus

10. It is proposed that the Filer will distribute non-convertible debt securities (Debt Securities), which will be fully and unconditionally guaranteed by each of Granite REIT and Granite GP, from time to time pursuant to a base shelf prospectus (collectively, the Base Shelf Prospectus) to be filed in each of the provinces and territories of Canada, as supplemented by one or more prospectus supplements (collectively, each a Prospectus Supplement and, together with the Base Shelf Prospectus, the Prospectus) to be filed in each of the provinces and territories of Canada. The Prospectus will be prepared pursuant to the short form procedures contained in NI 44-101 and the shelf procedures contained in NI 44-102 and will comply with the requirements set out in Form 44-101F1 that would apply to a credit support issuer as provided by Items 12 and 13 of Form 44-101F1.

11. It is proposed that each of Granite REIT and Granite GP will provide a full and unconditional guarantee of the payments to be made by the Filer in respect of any Debt Securities distributed pursuant to the Prospectus, and that the holders of such securities will be entitled to receive payment from each of Granite REIT and Granite GP within 15 days of any failure by the Filer to

make a payment, as contemplated by paragraph (d) of the definition of "designated credit support security" in NI 51-102.

12. Accordingly, as contemplated by the LP CD Relief, Granite REIT and Granite GP will together constitute a "parent credit supporter" (as defined in NI 51-102), the Filer will be a "credit support issuer" (as defined in NI 51-102), and the Debt Securities will be "designated credit support securities" (as defined in NI 51-102).

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

1. at the time of filing any prospectus or prospectus supplement in connection with an offering of Debt Securities:

   (a) the prospectus is prepared in accordance with the short form prospectus requirements of NI 44-101, and except as permitted by the legislation;

   (b) the Filer satisfies every qualification criteria set out in Section 2.4 of NI 44-101, other than the qualification criteria set out in paragraph 2.4(1)(c) of NI 44-101;

   (c) the Stapled Units are listed and posted for trading on a short form eligible exchange; and

2. the Filer continues to satisfy all the conditions set forth in the Parent CD Relief and the LP CD Relief, including that each Granite GP Common Share is stapled to a Granite REIT Unit and they trade together as a Stapled Unit.

Furthermore, the decision of the principal regulator is that the Confidentiality Sought is granted until the earlier of: (i) the date on which the Filer issues and files a news release announcing the offering of Debt Securities; (ii) the date on which the Filer files a preliminary short form prospectus in connection with the Offering in reliance on the relief granted in respect of the Short Form Prospectus Eligibility Requirements and Shelf Eligibility Prospectus Requirements; (iii) the date that the Filer advises the principal regulator that there is no longer any need for the Confidential Material to remain confidential; and (iv) the date that is 90 days after the date of this decision.

"Sonny Randhawa"
Manager, Corporate Finance Branch

2.1.2 Assisted Living Concepts, Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to have ceased to be a reporting issuer under securities legislation – Issuer has fewer than 15 beneficial securityholders in each of the jurisdictions in Canada and fewer than 51 beneficial securityholders in total worldwide-decision granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

September 25, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, SASKATCHEWAN,
NOVA SCOTIA, NEW BRUNSWICK, QUEBEC AND
NEWFOUNDLAND AND LABRADOR
(THE JURISDICTIONS)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
ASSISTED LIVING CONCEPTS, INC.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is deemed to have ceased to be a reporting issuer, and that the Filer's status as a reporting issuer is revoked, in the Jurisdictions (the Exemptive Relief Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

(a) the Nova Scotia Securities Commission is the principal regulator for this application, and

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions and Interpretation* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. the Filer was incorporated on July 19, 1994 in the state of Nevada, United States and has its head office at W140 N8981 Lilly Road, Menomonee Falls, Wisconsin, 53051, U.S.A.;

2. the Filer is a reporting issuer in each of the Jurisdictions;

3. on July 11, 2013, the Filer merged with Aid Merger Sub, LLC, a wholly owned subsidiary of Aid Holdings, LLC which is a wholly-owned subsidiary of an affiliate of TPG Capital, L.P. (TPG), and the Filer continued as a wholly-owned subsidiary of an affiliate of TPG (the Merger);

4. as a result of the Merger, stockholders of the Filer received USD $12.00 in cash for each share of Class A common stock and USD $12.90 in cash for each share of Class B common stock, and all of such shares have been cancelled. All holders of options to purchase shares of the Filer's common stock and warrants to purchase shares of the Filer's common stock received a cash payment and such securities ceased to be outstanding;

5. currently, the securities of the Filer consist solely of one issued and outstanding share of common stock, which is held by Aid Holdings, LLC, an affiliate of TPG;

6. as a result of the Merger, all of the securities of the Filer are held by an affiliate of TPG. The outstanding securities of the Filer, including debt securities, are now beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total worldwide;

7. the Filer's stock was delisted from trading on the New York Stock Exchange on July 12, 2013 and on July 23, 2013 the Filer terminated its registration with the U.S. Securities and Exchange Commission;

8. no securities of the Filer, including debt securities, are listed, traded or quoted in Canada or another country on a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported and the Filer does not intend to have any of its securities listed, traded or quoted on such a marketplace in Canada or any other jurisdiction;

9. the Filer has no intention to seek public financing by way of an offering of securities;

10. under British Columbia Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status*, the Filer voluntarily surrendered its status as a reporting issuer in British Columbia and ceased to be a reporting issuer in British Columbia on September 8, 2013;

11. the Filer is not in default of any requirement of the securities legislation in any of the Jurisdictions except for the obligation to file its quarterly financial statements for the period ended June 30, 2013, and its management discussion and analysis in respect of such financial statements, as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certification of such financial statements as required under National Instrument 52-109 *Certification of Disclosure in Filers' Annual and Interim Filings*, all of which became due on August 14, 2013;

12. the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* is not available to the Filer because it is in default of certain filing obligations under the Legislation as described in paragraph 11 above;

13. the Filer is applying for a decision that it is not a reporting issuer in all of the Jurisdictions; and

14. the Filer, upon the granting of the Exemptive Relief Sought, will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"Sarah Bradley"
Chair
Nova Scotia Securities Commission

"Paul Radford"
Vice-Chair
Nova Scotia Securities Commission

2.1.3 Pershing Square Capital Management, L.P.

Headnote

Subsection 74(1) – Application for exemption from prospectus requirement in connection with trades of shares by a control person – Filer filed a Notice of Intention to Distribute Securities (Form 45-102F1) under Section 2.8 of National Instrument 45-102 Resale of Securities (NI 45-102) in order to allow it to sell its common shares in accordance with Canadian securities laws applicable to control distributions – Application for exemption of the 7 day waiting period in section 2.8 of NI 45-102 in connection with the filing of a subsequent Form 45-102F1 that relates to the same securities and does not include new material information – Filer proposes a two business day waiting period for any subsequent Form 45-102F1 filings made by the Filer, provided that the aggregate number of common shares proposed to be sold by the Filer, as disclosed in the Initial Form 45-102F1 is not increased – Filer is subject to volume limits on the TSX and NYSE – Relief granted subject to conditions, including condition that the Filer will disclose in any subsequent Form 45-102F1 filed on SEDAR the number of Common Shares sold by the Filer since the filing of the prior Form 45-102F1.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1).
National Instrument 45-102 Resale of Securities, s. 2.8.

October 8, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE "JURISDICTION")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
PERSHING SQUARE CAPITAL MANAGEMENT, L.P.
(THE "FILER")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the prospectus requirement under the Legislation respecting certain proposed sales in connection with the Filer's planned disposition of common shares (**Common Shares**) of Canadian Pacific Railway Limited (**CP**) (the **Exemption Sought**) on conditions substantially the same as the exemption from the prospectus requirement provided by section 2.8 of National Instrument 45-102 *Resale of Securities* (**NI 45-102**) with the exception that a signed Form 45-102F1 *Notice of Intention to Distribute Securities under Section 2.8 of NI 45-102* (**Form 45-102F1**) be filed on SEDAR at least two business days before the first trade of the securities that is part of the distribution rather than seven days as provided in section 2.8(3)(b) of NI 45-102.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for the application; and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland & Labrador, Yukon, the Northwest Territories and Nunavut.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended, and is the investment adviser to each of Pershing Square, L.P., Pershing Square II, L.P., Pershing Square International, Ltd. and Pershing Square Holdings, Ltd. (collectively, the **Pershing Square Funds**).

2. As of September 23, 2013, the Filer, through the Pershing Square Funds, beneficially owned or controlled an aggregate of 23,351,192 Common Shares representing approximately 13.3% of the outstanding Common Shares publicly reported by CP as of July 24, 2013.

3. CP is a corporation incorporated by Letters Patent in 1881 pursuant to an Act of the Parliament of Canada. CP's registered and head office is located at Suite 500, 401 - 9th Avenue S.W., Calgary, Alberta, T2P 4Z4, Canada.

4. CP is a reporting issuer or has equivalent status in each of the provinces and territories of Canada.

5. The Common Shares are listed and trade on both the Toronto Stock Exchange (**TSX**) and New York Stock Exchange (**NYSE**).

6. At CP's 2012 annual general meeting of shareholders, seven nominees proposed by the Filer were elected to the board of directors of CP. Subsequent to that meeting, CP hired a new Chief Executive Officer who had previously been proposed by the Filer to replace CP's prior Chief Executive Officer. The seven nominees originally proposed by the Filer for election at the 2012 shareholder meeting and the current Chief Executive Officer currently constitute a majority of CP's board of directors.

7. On June 3, 2013, the Filer announced its intention to sell up to 7,000,000 Common Shares over a six to 12 month period (the **Distribution Program**) beginning on or after June 10, 2013.

8. In its announcement, the Filer noted its intention that the Distribution Program be carried out through unsolicited brokers' transactions on the NYSE and TSX and that the transactions be limited to amounts that will not exceed 10% of the combined NYSE and TSX volume for Common Shares on any day of trading.

9. The Filer may be considered a control person of CP, as that term is defined in the Legislation, and as a result any sale of Common Shares by the Filer could constitute a control distribution as defined in NI 45-102. As a result, the Filer wishes to conduct the Distribution Program in accordance with the exemption from the prospectus requirements provided by Section 2.8 of NI 45-102F1.

10. The Filer filed a Form 45-102F1 under Section 2.8 of NI 45-102 on June 3, 2013 (the **Initial Form 45-102F1**) in order to allow it to sell its Common Shares in accordance with Canadian securities laws applicable to control distributions.

11. The Filer filed a second Form 45-102F1 on July 24, 2013. The Filer did not file this form earlier upon the expiry of the Initial Form 45-102F1 because at that time the Filer was subject to a trading blackout under CP's disclosure and insider trading policy. The Filer filed a third Form 45-102F1 on August 27, 2013.

12. As a result of the number of Common Shares that the Filer proposes to sell and the volume limitations that it intends to adhere to, the Filer expects to file successive Form 45-102F1 forms in respect of the Distribution Program.

13. Pursuant to Section 2.8(5) of NI 45-102, each successive form cannot be filed until the expiration of the prior form, such that a new seven day waiting period would apply each time a Form 45-102F1 is filed. As a result, if the Filer were to file successive Form 45-102F1 forms, in effect it would only be able to conduct the Distribution Program during successive 23 day windows, separated by seven day waiting periods. This reduction in the number of trading days has a material detrimental impact on the Filer's ability to implement the Distribution Program, particularly in light of the aforementioned volume limits.

14. In addition, Form 45-102F1 requires the Filer to certify that it has no knowledge of a material fact or material change with respect to the issuer of the securities that has not been generally disclosed. This has the effect of further constraining the Filer's ability to file a Form 45-102F1, and thus start the seven day waiting period, when the Filer

possesses knowledge of a material fact or material change at the time that the prior Form 45-102F1 expires (for example, during quarterly earnings blackouts), with the effect that the requirement may (depending on the timing) artificially extend a given blackout period by up to seven days. This requirement, combined with the prohibition in section 2.8(5) of NI 45-102 on making an earlier filing, results in further constraints on the Distribution Program.

15. The requirement under section 2.8(3)(b) of NI 45-102 to wait seven days following the filing of a Form 45-102F1 before selling Common Shares has prevented the Filer from selling Common Shares in the market during periods when market conditions have been favourable for selling shares and has thus prejudiced the Filer's ability to receive the best possible prices for Common Shares sold under the Distribution Program.

16. The Filer has proposed a two business day waiting period apply for any subsequent Form 45-102F1 filings made by the Filer in connection with the Distribution Program, provided that the aggregate number of Common Shares proposed to be sold by the Filer as disclosed in the Initial Form 45-102F1 is not increased.

17. In the circumstances, reducing the waiting period to two business days will continue to afford the market sufficient time to absorb the information provided in the Filer's subsequent Form 45-102F1 filings where those filings do not increase the aggregate number of shares subject to the Distribution Program.

18. Reducing the waiting period to two business days is in the public interest as it will afford the Filer more time to conduct an orderly disposition of Common Shares without seven day interruptions in its ability to sell Common Shares.

19. Sales pursuant to the Distribution Program that are made pursuant to Section 2.8 of NI 45-102 will also comply with the requirements of Rule 144 under the U.S. Securities Act of 1933, as amended, which imposes volume limitations on sales by affiliates, requiring that sales by the Filer during any three month period shall not exceed the greater of 1% of the outstanding Common Shares or 1% of the average reported weekly trading volume of the Common Shares on the NYSE during the four weeks preceding the filing of a notice of sale on Form 144. There is no waiting period after the filing of a Form 144.

20. As of the date hereof, the Filer has sold 808,696 Common Shares pursuant to Section 2.8 of NI 45-102.

21. The Filer is not in default of securities legislation in any jurisdiction.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that:

(a) at the time of each sale of Common Shares under the Distribution Program the following conditions are satisfied:

  (i) CP is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;

  (ii) the Filer has held such Common Shares for at least four months;

  (iii) no unusual effort is made to prepare the market or to create a demand for the Common Shares subject to the trade;

  (iv) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

  (v) the Filer has no reasonable grounds to believe that CP is in default of securities legislation.

(b) the aggregate number of Common Shares proposed to be sold by the Filer, as disclosed in the Initial Form 45-102F1, is not increased;

(c) the Filer complies with the representation in paragraph 8;

(d) the Filer completes and signs a Form 45-102F1 no earlier than one business day before the Form 45-102F1 is filed;

(e) the Filer files a completed and signed Form 45-102F1 on SEDAR at least two business days before the first trade of the securities that is part of the distribution;

(f) the Filer discloses in any Form 45-102F1 filed on SEDAR pursuant to condition (e) above the number of Common Shares sold by the Filer since the filing of the prior Form 45-102F1;

(g) the Filer files, within three days after the completion of any trade, an insider report prepared in accordance with either Form 55-102F2 or Form 55-102F6 under National Instrument 55-102 *System for Electronic Disclosure by Insiders* (SEDI);

(h) each Form 45-102F1 filed under the condition (e) expires on the earlier of

(i) thirty days after the date the Form 45-102F1 was filed; and

(ii) the date the Filer files the last of the insider reports reflecting the sale of all securities referred to in the Initial Form 45-102F1; and

(i) the Filer does not file a new Form 45-102F1 in respect of the Common Shares until the Form 45-102F1 previously filed by the Filer has expired.

"James Turner"
Vice-Chair
Ontario Securities Commission

"Wes M. Scott"
Commissioner
Ontario Securities Commission

2.1.4 Geron Corporation and Asterias Biotherapeutics, Inc.

Headnote

NP 11-203 – Relief from the prospectus requirements to allow U.S. issuer to distribute shares to investors by way of distribution in kind – Distribution not covered by the legislative exemptions – Each filer is a public company in the United States but is not a reporting issuer in Canada – Each Filer has a *de minimis* presence in Canada – no investment decision is required from Canadian shareholders in order to receive shares from the distribution.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 43, 74(1),

October 1, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO
(THE "JURISDICTION")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
GERON CORPORATION ("GERON") AND
ASTERIAS BIOTHERAPEUTICS, INC.
("ASTERIAS" AND TOGETHER WITH GERON,
EACH A "FILER" AND COLLECTIVELY, THE "FILERS")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for an exemption from the prospectus requirements contained in the Legislation (the "**Prospectus Requirements**") to permit (i) the distribution of shares of Series A common stock of Asterias (the "**Asterias Series A Shares**") by way of a *pro rata* dividend *in specie* to holders (the "**Geron Shareholders**") of common shares of Geron (the "**Geron Shares**") who are resident in Canada (the "**Geron Canadian Shareholders**") (the "**Share Dividend**") and (ii) the distribution of warrants to purchase common shares of BioTime, Inc. (the "**Contribution Warrants**") by way of a *pro rata* dividend *in specie* to holders of Asterias Series A Shares (the "**Asterias Series A Shareholders**") who are resident in Canada (the "**Asterias Series A Canadian Shareholders**") (the "**Warrant Dividend**" and together with the Share Dividend, the "**Distributions**") (the "**Exemption Sought**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Quebec, Saskatchewan and the Northwest Territories.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers.

Representations made by Geron

1. Geron is a Delaware biopharmaceutical corporation incorporated on November 29, 1990 developing therapies for cancer. Geron's corporate headquarters are located at 149 Commonwealth Drive, Suite 2070, Menlo Park, California, 94025, U.S.A.

2. Geron is not and has no intention of becoming a reporting issuer under the securities laws of any province or territory of Canada.

3. The Geron Shares are listed on the Nasdaq Global Stock Market ("**Nasdaq**") under the symbol GERN.

4. No securities of Geron are listed on any Canadian stock exchange and Geron has no intention of listing its securities on any stock exchange in Canada.

5. Pursuant to a geographical breakdown report (the "**Geographical Breakdown Report**") that Geron received from its transfer agent, as at May 21, 2013, there were four holders of record of Geron Shares resident in Canada holding 3,239 Geron Shares, representing approximately 0.00249% of the 129,977,878 Geron Shares issued and outstanding as at May 21, 2013.

6. Pursuant to a geographical survey report (the "**Geographical Survey Report**" and, together with the Geographical Breakdown Report, the "**Geographical Reports**") that Geron received from Broadridge Financial Solutions, Inc., as at May 21, 2013, there were 804 beneficial holders of Geron Shares resident in Canada holding

approximately 1,354,344 Geron Shares, representing approximately 1.8% of the approximately 44,375 beneficial Geron Shareholders worldwide and approximately 1.04% of the 129,977,878 Geron Shares issued and outstanding as at May 21, 2013.

7. Based on the Geographical Reports, the number of registered and beneficial Geron Canadian Shareholders and the proportion of Geron Shares held by such shareholders, is *de minimis*.

Representations made by Asterias and BioTime

8. Asterias, formerly BioTime Acquisition Corporation, is a newly formed subsidiary of BioTime, Inc. ("**BioTime**") and is a Delaware corporation focused on stem cell research. Asterias was incorporated on September 24, 2012. Asterias' corporate headquarters are located at 1301 Harbor Bay Parkway, Alameda, California, 94502, U.S.A.

9. Asterias is not and has no intention of becoming a reporting issuer under the securities laws of any province or territory of Canada.

10. Asterias' securities are not listed or traded on any stock exchange or organized market place. Upon completion of the Asset Contribution Transaction (as defined below), Asterias' Series A Shares will be listed and traded on the over-the-counter market in the United States.

11. Asterias' securities are not listed on any Canadian stock exchange and Asterias has no intention of listing its securities on any stock exchange in Canada.

12. Immediately prior to the closing of the Asset Contribution Transaction, there will be (i) no Asterias Series A Shares and (ii) 51,700 Series B Shares of Asterias issued and outstanding, 50,000 of which will be held by BioTime and 1,700 of which will be held by Dr. Thomas Okarma, the Chief Executive Officer of Asterias. Dr. Okarma is resident outside of Canada.

13. BioTime is a California biotechnology corporation focused on regenerative medicine. BioTime was incorporated on November 30, 1990 and has been publicly traded since 1992. BioTime's corporate headquarters are located at 1301 Harbor Bay Parkway, Alameda, California, 94502, U.S.A.

14. BioTime's common shares ("**BioTime Shares**") are listed on the NYSE MKT under the ticker symbol BTX. Upon completion of the Asset Contribution Transaction, the Contribution Warrants will be listed and traded on the NYSE MKT.

15. BioTime is not and has no intention of becoming a reporting issuer under the securities laws of any province or territory of Canada.

16. As at August 7, 2013, the share capital of BioTime consisted of 57,938,220 issued and outstanding common shares, no preferred shares and 1,751,615 common share purchase warrants.

17. Pursuant to a geographical survey report that BioTime received from Shareholder Intelligence Services, LLC, as at May 31, 2013, there were 542 beneficial holders of BioTime Shares resident in Canada holding approximately 701,273 BioTime Shares, representing approximately 1.26% of the 55,746,015 BioTime Shares issued and outstanding on that date.

18. BioTime's securities are not listed on any Canadian stock exchange and BioTime has no intention of listing its securities on any stock exchange in Canada.

Joint Representations made by Geron, Asterias and BioTime Relating to the Asset Contribution Agreement

19. Pursuant to an asset contribution agreement dated January 4, 2013 among BioTime, Asterias and Geron (the "**Asset Contribution Agreement**"), Asterias proposes to acquire from Geron intellectual property and other assets related to one of Geron's discontinued biotechnology programs (the "**Asset Contribution Transaction**").

20. Pursuant to the Asset Contribution Agreement, among other things, in connection with the Asset Contribution Transaction, Asterias will issue to Geron 6,537,779 Asterias Series A Shares, which will then represent all of the issued and outstanding Asterias Series A Shares, and which, subject to applicable law and certain exceptions with respect to i) fractional shares, as described below, and ii) a jurisdiction where x) the distribution is not permitted by law or y) less than 20,000 Geron Shares in aggregate are held by residents of that jurisdiction, Geron is required to cause to be distributed to the Geron Shareholders by way of an *in specie* dividend on a *pro rata* basis as of a record date which is expected to occur as soon as practicable following the closing of the Asset Contribution Transaction.

21. A copy of the Asset Contribution Agreement was filed with the U.S. Securities and Exchange Commission (the "**SEC**") together with the BioTime proxy statement relating to a special meeting of the holders of BioTime Shares (the "**BioTime Shareholders**") held on May 21, 2013 at which the BioTime Shareholders approved (i) the issuances of securities by BioTime pursuant to the Asset Contribution Agreement, including the Contribution Warrants, and (ii) an amendment to the BioTime articles of incorporation.

22. Geron is at arm's length from each of Asterias and BioTime. There are no directors or officers in common, nor, based on public filings, are there any shareholders holding 10% or more of outstanding common stock in common, between Geron and either Asterias or BioTime, and Geron, on the one hand, and Asterias and BioTime, on the other hand, are not under common control.

23. At the time of the Share Dividend, based on the Geographical Reports, the number of registered and beneficial Geron Canadian Shareholders and the proportion of Asterias Series A Shares held by such shareholders will be de minimis.

24. Upon the closing of the Asset Contribution Transaction:

    (a) BioTime will issue to Asterias 8,000,000 Contribution Warrants that Asterias is required to distribute to the Asterias Series A Shareholders by way of an *in specie* dividend on a *pro rata* basis as of a record date which is expected to occur promptly following the distribution of the Share Dividend;

    (b) each Contribution Warrant entitles the holder to purchase one BioTime Share (an "**Underlying Share**") for an exercise price of U.S. $5 PER SHARE;

    (c) the Contribution Warrants may be exercised by their holders for a period of five years from issue but may not be exercised on any day on which the closing price of a BioTime Share on the NYSE MKT is lower than the exercise price;

    (d) as a result of the Asset Contribution Transaction and subject to paragraph (f) below, each Geron Canadian Shareholder will receive, on a *pro rata* basis, a proportion of the Asterias Series A Shares distributed by Geron to the Geron Shareholders and, in their capacity as Asterias Series A Shareholders, on a *pro rata* basis, a proportion of the Contribution Warrants distributed by Asterias to the Asterias Series A Shareholders;

    (e) Geron Shareholders will not be required to pay any consideration for the Asterias Series A Shares received in connection with the Asset Contribution Transaction or to surrender or exchange their Geron Shares or to take any other action in order to be entitled to receive the Asterias Series A Shares in connection with the Asset Contribution Transaction; and

    (f) no fractional Asterias Series A Shares or Contribution Warrants will be distributed as part of the Distributions. Instead, as soon as practicable after the Distributions, the distribution agent will aggregate all fractional shares into whole shares of Asterias Series A common stock, and all fractional Contribution Warrants into whole warrants to purchase BioTime Shares, sell such shares and warrants in the open market at prevailing market prices and distribute the aggregate net cash proceeds of these sales *pro rata* to each Geron Shareholder and Asterias Series A Shareholder, respectively, who otherwise would have been entitled to receive a fractional share or warrant in the Distributions.

25. The Distributions are expected to occur promptly following the closing of the Asset Contribution Transaction.

Representations made by Geron regarding the Asset Contribution Transaction

26. The distribution ratio, the record date and the payment date for the Share Dividend will be disclosed by Geron by way of news release.

27. All materials relating to the Distributions sent by or on behalf of Geron to Geron Shareholders resident in the United States will be sent concurrently to the Geron Canadian Shareholders.

28. The Share Dividend will not cancel or affect the number of outstanding Geron Shares and the Geron Shareholders will retain their Geron Share certificates, if any. The Share Dividend will occur without any investment decision on the part of the Geron Shareholders, including the Geron Canadian Shareholders. The Share Dividend does not require the Geron Shareholders' approval under applicable law.

29. Geron Shareholders are not required to vote on the Asset Contribution Transaction pursuant to legislation in Canada or the United States or any other statute governing Geron.

Representations made by Asterias and BioTime regarding the Asset Contribution Transaction

30. Immediately upon completion of the Asset Contribution Transaction and before the issuance of the Share Dividend:

    (a) Geron will hold 6,537,779 Asterias Series A Shares, representing all of the issued and outstanding Asterias Series A Shares;

(b) BioTime will hold 21,823,340 Series B Shares of Asterias and will have the right to acquire an additional 3,150,000 Series B Shares upon the exercise of warrants to be issued to BioTime in the Asset Contribution Transaction;

(c) a private U.K. based investor, Romulus Films, Ltd. ("**Romulus**"), will hold 2,136,000 Series B Shares of Asterias and will have the right to acquire an additional 350,000 Series B Shares upon the exercise of warrants to be sold to Romulus in a concurrent private placement; and

(d) employees and directors of Asterias, all of whom are resident outside of Canada, will hold options to purchase Series B Shares of Asterias.

31. Asterias has prepared and filed with the SEC a Registration Statement on Form S-1, as amended by Amendment number 1, Amendment number 2 and Amendment number 3 to Form S-1 (which Registration Statement may be subsequently amended, restated or supplemented) in order to register the Share Dividend of the Asterias Series A Shares for distribution to the Geron Shareholders and to qualify such shares as freely tradable. The Registration Statement was declared effective by the SEC as of September 27, 2013.

32. BioTime has prepared and filed with the SEC a Registration Statement on Form S-3 (which Registration Statement may be subsequently amended, restated or supplemented) in order to register the Contribution Warrants and the Underlying Shares for distribution to Asterias Series A Shareholders and to qualify such warrants and underlying shares as freely tradable. The Registration Statement was declared effective by the SEC as of September 27, 2013.

33. The distribution ratio, the record date and the payment date for the Warrant Dividend will be disclosed by Asterias by way of news release.

34. All materials relating to the Distributions sent by or on behalf of Asterias to Geron Shareholders resident in the United States will be sent concurrently to the Geron Canadian Shareholders.

35. The Asterias Series A Shares issued to Geron will represent all of the issued and outstanding Asterias Series A Shares and approximately 21.4% of the issued and outstanding Asterias common stock on the date of the Share Dividend.

36. Asterias Series A Shareholders will not be required to pay any consideration for the Contribution Warrants received in connection with the Asset Contribution Transaction or to surrender or exchange their Asterias Series A Shares or to take any other action in order to be entitled to receive the Contribution Warrants in connection with the Asset Contribution Transaction.

37. The Warrant Dividend will not cancel or affect the number of outstanding Asterias Series A Shares and the Asterias Series A Shareholders will retain their Asterias Series A Share certificates, if any. The Warrant Dividend will occur without any investment decision on the part of the Asterias Series A Shareholders, including the Asterias Series A Canadian Shareholders. As the number of BioTime common shares issued under the Asset Contribution Transaction and issuable pursuant to the exercise of the Contribution Warrants would in aggregate exceed 20% of BioTime's then issued common shares, the approval of the BioTime Shareholders regarding the Asset Contribution Transaction and the Warrant Dividend was obtained on May 21, 2013 at a duly convened meeting of BioTime Shareholders.

38. The Geron Canadian Shareholders who receive Asterias Series A Shares pursuant to the Distributions will have the benefit of the same rights and remedies in respect of the disclosure documentation received in connection with the Distributions that are available to Geron Shareholders resident in the United States.

39. The Asterias Series A Canadian Shareholders who receive Contribution Warrants pursuant to the Distributions will have the benefit of the same rights and remedies in respect of the disclosure documentation received in connection with the Distributions that are available to Asterias Series A Shareholders resident in the United States.

40. Following the completion of the Distributions, the Geron Canadian Shareholders who receive Asterias Series A Shares pursuant to the Distributions, to the extent they continue to hold such shares, will be treated as any other Asterias Series A Shareholder and will be concurrently sent the same disclosure materials required to be sent under applicable U.S. laws that Asterias sends to Asterias Series A Shareholders in the United States.

41. Following the completion of the Distributions, the Asterias Series A Canadian Shareholders who receive Contribution Warrants pursuant to the Distributions, to the extent they continue to hold such warrants, will be treated as any other BioTime Warrant holder and will be concurrently sent the same disclosure materials required to be sent under applicable U.S. laws that BioTime sends to BioTime Warrant holders in the United States.

Joint Submissions made by Geron, Asterias and BioTime

42. The distribution by Geron of the Asterias Series A Shares and the distribution by Asterias of the Contribution Warrants and the Underlying Shares pursuant to the Asset Contribution Transaction are each a "distribution" within the meaning of such term in the Legislation and would be subject to the Prospectus Requirements.

43. Section 2.31(2) of National Instrument 45-106 – *Prospectus and Registration Exemptions* ("**NI 45-106**") does not provide an exemption from the Prospectus Requirements for the distribution by Geron of the Asterias Series A Shares and the distribution by Asterias of the Contribution Warrants and the Underlying Shares pursuant to the Asset Contribution Transaction since each of Asterias and BioTime is not and has no intention of becoming a reporting issuer in any jurisdiction of Canada.

44. Section 2.31(1) of NI 45-106 does not provide an exemption from the Prospectus Requirements since the securities to be distributed by Geron pursuant to the Asset Contribution Transaction, the Asterias Series A Shares, are securities of Asterias and the securities to be distributed by Asterias pursuant to the Asset Contribution Transaction, the Contribution Warrants and the Underlying Shares, are securities of BioTime.

45. Section 2.11 of NI 45-106 does not provide an exemption from the Prospectus Requirements since the Distributions are not distributions of securities pursuant to an amalgamation, merger, reorganization or arrangement described in section 2.11(a) or (b) or pursuant to a dissolution or winding-up of an issuer as provided in section 2.11(c).

46. The issuance of Underlying Shares by BioTime on any exercise of a Contribution Warrant acquired pursuant to the Warrant Dividend in any of the Jurisdictions will be exempt from the Prospectus Requirements pursuant to section 2.42(1)(a) of NI 45-106.

47. In the absence of the Exemption Sought, qualification by prospectus pursuant to the Legislation of the Asterias Series A Shares to Geron Canadian Shareholders and of the Contribution Warrants to Asterias Series A Canadian Shareholders pursuant to the Distributions is not practicable, requiring that the Geron Canadian Shareholders and the Asterias Series A Canadian Shareholders be excluded from receiving the Distributions.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the first trade in Asterias Series A Shares and Contribution Warrants acquired pursuant to the Distributions and the first trade in Underlying Shares acquired on any exercise of a Contribution Warrant will be deemed to be a distribution unless the conditions in section 2.6 or section 2.14(1) of National Instrument 45-102 – *Resale of Securities* are satisfied.

"Wesley Scott"
Commissioner
Ontario Securities Commission

"Alan Lenczner"
Commissioner
Ontario Securities Commission

2.1.5 WPT Industrial Real Estate Investment Trust

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from requirement to file a BAR for an acquisition that is not significant to the Filer from a practical, commercial, business, or financial perspective.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4, 13.1.

September 27, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE JURISDICTION)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
WPT INDUSTRIAL REAL ESTATE
INVESTMENT TRUST
(THE FILER)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for relief pursuant to Part 13 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) from (i) the requirement in Part 8 of NI 51-102 to file a business acquisition report (a **BAR**) in respect of the indirect acquisition (the **Acquisition**) by WPT Industrial, LP (the **Partnership**) (the Filer's operating subsidiary) from Welsh Property Trust, LLC (**Welsh**) of an industrial property located in Pontoon Beach, Illinois, United States (the **Property**) completed on July 15, 2013 and (ii) from any requirement under Item 10 of Form 44-101F1 *Short Form Prospectus* (**44-101F1**) to disclose the Acquisition as a completed acquisition in a short form prospectus (collectively, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for the Application; and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Nunavut, the Northwest Territories and Yukon Territory.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is an open-ended real estate investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of March 4, 2013, as amended and restated on April 26, 2013.

2. The Filer's head office is located in Toronto, Ontario.

3. The Filer is a reporting issuer under the securities legislation in each of the provinces and territories of Canada and is not in default of its reporting issuer obligations under the securities legislation of any of the jurisdictions of Canada.

4. The Filer's trust units are listed and posted for trading on the Toronto Stock Exchange under the symbol "WIR.U" and trade in the United States on the OTCQX marketplace under the symbol "WPTIF".

5. On April 26, 2013, the Filer completed its initial public offering (the **IPO**) of 10,000,000 trust units of the Filer pursuant to a long form prospectus dated April 18, 2013 (the **Prospectus**).

6. In connection with the completion of the IPO, the Filer, through the Partnership, indirectly acquired (the **IPO Acquisition**) from Welsh a portfolio of 35 industrial properties and two office buildings located in the United States (the **Initial Properties**).

The Acquisition

7. On July 15, 2013, the Partnership (the Filer's operating subsidiary) indirectly acquired the Property from Welsh, the asset and property manager of the Filer and the Partnership following completion of the IPO, pursuant to provisions related to the Filer's right of first opportunity under

a non-competition and non-solicitation agreement dated as of April 26, 2013 among the Filer, the Partnership and Welsh.

8. The Property has a single tenant subject to a single lease.

9. Following the Acquisition, the Filer is consolidating the Property for financial reporting purposes, including for its financial statements to be filed on SEDAR in accordance with the Filer's continuous disclosure obligations under NI 51-102.

10. The Acquisition constitutes a "significant acquisition" of the Filer for the purposes of Part 8 of NI 51-102 as described below, requiring the Filer to file a BAR within 75 days of the Acquisition pursuant to section 8.2(1) of NI 51-102.

Financial Statements

11. The Filer was formed on March 4, 2013 and, accordingly, has not been in existence for 12 months and has not completed a full fiscal year. The only audited historical financial statements of the Filer were created following the creation of the Filer for purposes of the Prospectus. Accordingly, the applicable audited historical financial statements of the Filer only reflect assets of US$10.00, unitholders' capital of US$10.00 and financing activities of US$10.00 as a result of the issuance of the initial trust unit of the Filer upon its creation and prior to the completion of the IPO.

12. On July 10, 2013, the Filer filed a business acquisition report in respect of the IPO Acquisition, which, among other things, incorporated by reference from the Prospectus certain audited annual financial statements of the Initial Properties, included an unaudited pro forma condensed consolidated statement of net income and comprehensive income for the year ended December 31, 2012 giving effect to the IPO Acquisition as if it occurred on January 1, 2012 and incorporated by reference from the Prospectus, audited consolidated statements of forecasted net income and comprehensive income for the 12-month period ending March 31, 2014.

13. On August 12, 2013, the Filer filed unaudited condensed consolidated interim financial statements for the three months ended June 30, 2013 and the period from March 4, 2013 to June 30, 2013 (collectively, the "**Q2 2013 Financial Statements**"), which included (i) an unaudited condensed consolidated interim statement of financial position as at June 30, 2013; and (ii) unaudited condensed consolidated interim statements of net income and comprehensive income for the three months ended June 30, 2013 and the period from March 4, 2013 to June 30, 2013.

14. The Q2 2013 Financial Statements relate to the period from the date of formation of the Filer on March 4, 2013 to the end of its second quarter ended June 30, 2013, but reflect only sixty-six days of operations, namely from April 26, 2013 (the date of the closing of the IPO) to June 30, 2013 (the Filer's second quarter in fiscal year 2013).

Significance Test for the BAR

15. Under Part 8 of NI 51-102, the Filer is required to file a BAR for any completed business acquisition that is determined to be significant based on the acquisition satisfying any of the three significance tests set out in section 8.3(2) of NI 51-102.

16. Under Item 10 of 44-101F1, in certain circumstances, an issuer must disclose in a short form prospectus a completed acquisition that is considered a significant acquisition for the purposes of Part 8 of NI 51-102 and if applicable, include in the short form prospectus financial statements or other information about the acquisition or proposed acquisition.

17. Basic Asset, Investment and Profit or Loss Tests – The Acquisition is a significant acquisition under each of the asset test, the investment test and the profit or loss test in section 8.3(2) of NI 51-102. In evaluating the significance of an acquisition, including the Property, the basic tests under Part 8 of NI 51-102 require the Filer to calculate the asset test, investment test and profit or loss test using the audited annual financial statements of both the Filer and the Property for the most recently completed financial year of each that ended before the acquisition date. However, the only audited historical financial statements of the Filer were created following the creation of the Filer for purposes of the Prospectus. Accordingly, the applicable audited historical financial statements of the Filer only reflect assets of US$10.00, unitholders' capital of US$10.00 and financing activities of US$10.00 as a result of the issuance of the initial trust unit of the Filer upon its creation and prior to the completion of the IPO. As a result, the application of the basic asset test, the investment test and the profit or loss test under each produces an anomalous result for the Filer in comparison to the results of such tests when re-applying them using the financial metrics of the Filer that existed immediately following the closing of the IPO.

18. Optional Asset Test – Pursuant to section 8.3(4)(a) of N1 51-102, an acquisition will be "significant" if the Filer's proportionate share of the consolidated assets of the Property exceeds 20 percent of the consolidated assets of the Filer calculated using the interim financial statements of the Filer and the Property for the most recently completed interim period that ended before the

acquisition date (the **Optional Asset Test**). Applying the Optional Asset Test, the Property represented only 11.9% of the Filer's consolidated assets.

19. Optional Investment Test – Pursuant to section 8.3(4)(b) of N1 51-102, an acquisition will be "significant" if the Filer's consolidated investments in and advances to the Property as at the acquisition date exceeds 20 percent of the consolidated assets of the Filer as at the last day of the most recently completed interim period of the Filer before the acquisition date, excluding any investments in or advances to the Property as at that date (the **Optional Investment Test**). Applying the Optional Investment Test, the Property represented only 11.9% of the Filer's consolidated assets.

20. In evaluating the significance of an acquisition, including the Property, the Filer is also required to use the profit or loss test contained in section 8.3(2)(c) (the **Profit or Loss Test**) of NI 51-102 as noted above. Pursuant to the Profit or Loss Test, an acquisition will be "significant" if the Filer's proportionate share of the consolidated specified profit or loss of the Property exceeds 20 percent of the consolidated specified profit or loss of the Filer calculated using the audited annual financial statements of each of the Filer and the Property for the most recently completed financial year of each ended before the acquisition date.

21. Optional Profit or Loss Test – The Filer is also permitted to use the optional profit or loss test contained in section 8.3(4)(c) of NI 51-102 (**Optional Profit or Loss Test**). Pursuant to the Optional Profit or Loss Test, significance is determined based upon the Filer's consolidated specified profit or loss for the later of: (i) the most recently completed financial year, without giving effect to the acquisition; or (ii) the 12 months ended on the last day of the most recently completed interim period of the issuer, without giving effect to the acquisition.

22. The Filer respectfully submits that both the Profit or Loss Test and the Optional Profit or Loss Test are inappropriate for determining the significance of the Acquisition. For the purposes of completing its quantitative analysis of either such test, the Filer is required to utilize its most recent audited financial statements or for the 12 months ended on June 30, 2013 (the last day of its most recently completed interim period). However, the only audited historical financial statements of the Filer were created following the creation of the Filer for purposes of the Prospectus and the Filer has not been in existence for 12 months since it was formed on March 4, 2013 as noted above. As a result, the application of the Profit or Loss Test and the Optional Profit or Loss Test each produces an anomalous result for the Filer in comparison to the results of such tests when re-applying them using the financial metrics of the Filer that existed immediately following the closing of the IPO.

23. When using the financial metrics of the Filer that existed upon closing of its IPO (as opposed to the pre-IPO audited historical financial statements described in paragraph 12 above) to calculate the profit or loss test with respect to the Acquisition, the results indicate that the Property represented only 16.4% of the Filer's forecasted net income and comprehensive income for the 12-month period ending March 31, 2014, and 18.0% of the Filer's *pro forma* net income for the *pro forma* year ended December 31, 2012, excluding an amount related to interest expense for the fiscal year 2012 on debt included in the historical results of the Initial Properties that was paid off with proceeds from the IPO that has been added back. This interest expense does not exist within the current Filer consolidation.

De Minimis Acquisition

24. The Filer does not believe (nor did it believe at the time that it made the Acquisition) that the Acquisition is significant to it from a practical, commercial, business or financial perspective.

25. The Filer has provided the principal regulator with an additional measure which demonstrates the insignificance of the Acquisition to the Filer. This additional measure reflects that the total gross leaseable area (**GLA**) of the Property represented just 14.7% to the total GLA of the Filer's entire real estate portfolio immediately following the closing of the IPO.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted.

"Sonny Randhawa"
Manager, Corporate Finance,
Ontario Securities Commission

2.1.6 Global RESP Corporation and Global Growth Assets Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from sections 12.12(a) and 12.14(a) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Registrants exempted from delivering their annual financial statements to the regulator within 90 days following the end of its 2012 financial year, provided delivery is made within 150 days – Exemption sought due to Commission proceedings resulting in limited release of confidential information to registrants' auditor – Unique situation which is not likely to reoccur – Staff did not recommend similar relief to related reporting issuer because reporting issuer files annual financial statements which are publicly available, while registrants deliver annual financial statements only with principal regulator, which are not publicly available – Decision to be kept confidential until the earlier of delivery of financial statements or 60 days from date of decision.

July 19, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE "JURISDICTION")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
GLOBAL RESP CORPORATION AND
GLOBAL GROWTH ASSETS INC.
(THE "APPLICANTS")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Applicants for a decision under section 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103** or the **Legislation**) for relief from the requirements in sections 12.12(a) and 12.14(a) of NI 31-103 that the Applicants deliver their annual financial statements for the year ended March 31, 2013 (the **Financial Statements**) no later than the 90th day after the end of its most recently completed financial year (the **Exemption Sought**) provided that the Applicants deliver their Financial Statements within 150 days after the end of its financial year ended March 31, 2013.

Furthermore, the principal regulator in the Jurisdiction has received a request from the Applicants for a decision that the application and this decision be kept confidential and not made public until the earlier of: (a) the date by which both Applicants have delivered their annual financial statements to the regulator; and (b) the date that is 60 days after the date of this decision (the **Confidentiality Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) the Applicants have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Applicants:

1. The Applicants are incorporated under the laws of Canada with their head offices located in Richmond Hill, Ontario.

2. Global RESP Corporation is registered as a scholarship plan dealer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the **Jurisdictions**). Global Growth Assets Inc. is registered as an investment fund manager in each of the Jurisdictions.

3. The financial year end of each Applicant is March 31, 2013. On March 28, 2013, the Applicants changed their financial year end to March 31 from December 31. Accordingly, the most recent Financial Statements provided by the Applicants pursuant to NI 31-103 reflected information as at December 31, 2011.

4. The Applicants, as well as other related parties, are subject to a Statement of Allegations of Staff of the Ontario Securities Commission (the **Commission**) dated January 10, 2013 (the **SOA**). The SOA remains outstanding and the Commission has made no findings of fact in respect of the allegations therein.

5. On April 1, 2013, the day after the financial year end of the Applicants, the Applicants filed a Notice of Motion with the Commission to seek an order authorizing disclosure by the Applicants to the Applicants' auditor (the **Auditor**) of confidential information and documents previously disclosed to the Applicants.

6. After a hearing before the Commission on May 15, 2013, the Commission ordered a limited release of certain confidential information (the **Information**) to the Auditor. The Commission provided further clarification of the nature and extent of this disclosure on June 11, 2013.

7. The Applicants are now following the process established by the Commission to release the Information to the Auditor. The Auditor estimates that it will not be able to complete its audit before August 31, 2013.

8. The Applicants deliver the Financial Statements only to the Ontario Securities Commission as their principal regulator. Accordingly, the Applicants' Financial Statements are not made public upon delivery.

9. The Applicants delivered unaudited year-to-date financial statements, including a calculation of excess working capital and statements of financial position and comprehensive income, to Staff of the Commission as at May 31, 2013.

10. For the reasons referred to above, the Applicants believe that the granting of the relief requested herein would not be prejudicial to the public interest.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the Financial Statements of the Applicants are delivered to the Ontario Securities Commission within 150 days of each Applicant's financial year end.

Furthermore, the decision of the principal regulator is that the Confidentiality Sought is granted.

"Erez Blumberger"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

2.1.7 Faircourt Gold Income Corp. and Faircourt Asset Management Inc.

Headnote

Pursuant to National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions, the company and its manager are exempted from the dealer registration requirement for certain limited trading activities to be carried out by these parties in connection with a rights offering by the company, as the limited trading activities involve: i) the forwarding of a short form prospectus and the distribution of rights to acquire shares to existing holders of shares and ii) the subsequent distribution of shares to existing holders of rights, upon their exercise of the rights, through an appropriately registered dealer.

Applicable Legislative Provisions

Securities Act, R.S.O., c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.1, 3.1, 3.42, 8.5.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.5.

October 11, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
FAIRCOURT GOLD INCOME CORP.
(the Company)

AND

FAIRCOURT ASSET MANAGEMENT INC.
(the Manager) (collectively, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the dealer registration requirements in the Legislation in respect of certain trades (the **Rights Offering Activities**) to be carried out by the Manager and on behalf of the Company, in connection with a proposed distribution (the

Rights Offering) of rights to acquire Class A shares (the **Shares**), such distribution to be made in Ontario and each of the Passport Jurisdictions (as defined below) pursuant to a short form (final) prospectus (the **Rights Prospectus**) (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) each Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador (collectively, the **Passport Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

1. The Company is a closed-end investment fund established as a mutual fund corporation established under the laws of the Province of Ontario. The Manager is the manager of the Company.

2. The Manager performs management, investment advisory and administrative services for the Company pursuant to a management agreement. The head office of each of the Company and the Manager is located at 141 Adelaide Street West, Suite 1402, Toronto, Ontario, M5H 3L5. The Manager is not in default of any of its obligations under securities legislation in any jurisdiction.

3. The Company is authorized to issue an unlimited number of redeemable Shares, each of which represents an equal undivided interest in the net assets of the Company. The Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "FGX".

4. The Company filed a final prospectus dated October 30, 2007, for the initial issuance of units, which units consisted of one Share and one-half of a transferable warrant.

5. The Company's initial public offering was conducted through the full service investment dealer channel and its Shares were issued through and are held in the book-based system of CDS Clearing and Depository Services Inc. ("**CDS**").

6. The investment objectives of the Company are to provide holders of Shares ("**Shareholders**") with monthly distributions and the opportunity for capital appreciation through investment in a portfolio comprised primarily of common shares of gold companies. In order to generate additional returns and to reduce risk, the Company employs an option strategy whereby it writes covered call options on securities held in its portfolio and cash secured put options on securities desired to be held in the portfolio.

7. The Company is subject to certain investment restrictions that, among other things, limit the securities which may be acquired for the investment portfolio that the Company owns or to which the Company may be exposed.

8. The Company does not engage in the continuous distribution of its securities.

9. The Company has retained the Manager to make the Company's investment decisions in accordance with the Company's investment objectives and investment strategy. The Manager is registered as an Investment Fund Manager, an Exempt Market Dealer and a Portfolio Manager. All trades in securities in connection with the investing activities of the Company are conducted through registered dealers.

10. In connection with the Rights Offering, the Company has filed a preliminary short form prospectus dated September 27, 2013 under the securities legislation of the Province of Ontario and each Passport Jurisdiction. Under the Rights Offering, each Shareholder of record on the record date will receive one transferable right of the Company (a "**Right**") for each Share held.

11. Two Rights will entitle the holder thereof to subscribe for one Share at a subscription price that will be set out in the Rights Prospectus. The Rights will be exercisable for a period of at least 21 days after the date on which the Rights Prospectus is sent to Shareholders.

12. The Company has applied to list the Rights distributed under the Rights Prospectus and the Shares issuable upon the exercise thereof on the TSX.

13. The Rights Offering Activities will consist of:

    (a) the distribution of the Rights Prospectus and the issuance of Rights to Shareholders (as at the record date specified in the Rights Prospectus), after the Rights Prospectus has been filed, and receipts obtained, under the securities legislation

of the Province of Ontario and each Passport Jurisdiction; and

(b) the distribution of Rights and the Shares issuable upon the exercise thereof.

14. The Company is in the business of trading by virtue of its portfolio investing activities. As a result, its capital raising activities, including the Rights Offering Activities, would require the Company and the Manager to register as a dealer in the absence of the Exemption Sought (or another available exemption from the dealer registration requirements).

15. Section 8.5 of National Instrument 45-106 – *Prospectus and Registration Exemptions* (**NI 45-106**) provides that, after March 26, 2010, the exemptions from the dealer registration requirements set out in sections 3.1 *Rights offering* and section 3.42 Conversion, exchange or exercise of NI 45-106 no longer apply.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Company and the Manager, acting on behalf of the Company, are not subject to the dealer registration requirement in respect of the Rights Offering Activities.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.1.8 Esperanza Resources Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

October 15, 2013

Esperanza Resources Corp.
79 Wellington St. W. 30th Floor
Toronto, Ontario
M5K 1N2

Dear Sirs/Mesdames:

Re: Esperanza Resources Corp. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

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 and orders that the Applicant is not a reporting issuer.

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.9 GCIC Ltd. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the Securities Act to permit a dealer to send or deliver the Fund Facts instead of the simplified prospectus to satisfy current prospectus delivery requirements subject to conditions – the right of withdrawal and right of rescission under securities legislation apply to the sending and delivery of the Fund Facts – sunset clause on relief – terms and conditions consistent with CSA Staff Notice 81-321 Early Use of the Fund Facts to Satisfy Prospectus Delivery Requirements

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 71(1), 147.

October 11, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
THE GCIC LTD. (GCIC) AND
1832 ASSET MANAGEMENT L.P.
(FORMERLY SCOTIA ASSET MANAGEMENT L.P.) (1832)

AND

IN THE MATTER OF
SCOTIA CAPITAL INC.
(the Representative Dealer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from GCIC and 1832 (each a **Filer** and, collectively, the **Filers**) for a decision under the securities legislation of the principal regulator (the **Legislation**) for an exemption (the **Requested Relief**) to permit a Dealer (as defined below) to send or deliver the Receipted Fund Facts (as defined below) to satisfy the requirement contained in the Legislation that obligates a Dealer to send or deliver, within a specified time period and in a specified manner, the simplified prospectus and any amendment thereto (the **Prospectus**) in respect of an order or subscription to purchase securities of a Fund (as defined below) (the **Delivery Requirement**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

(a) the Ontario Securities Commission (the Commission) is the principal regulator for this Application, and

(b) the Filers have provided notice that subsections 4.7(1) and 4.7(2) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) are intended to be relied upon in each of the provinces and territories of Canada (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Unless otherwise defined herein, terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and the *Securities Act* (Ontario) have the same meaning in this Application.

CSA Notice 81-321 means the Canadian Securities Administrators (CSA) Staff Notice 81-321 – *Early Use of the Fund Facts to Satisfy Prospectus Delivery Requirements*.

CSA Notice of Amendments means the CSA Notice of Amendments to National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (**NI 81-101**), Form 81-103F3 – *Contents of Fund Facts Document* (the **Fund Facts Form**), Companion Policy 81-101CP to NI 81-101 and consequential amendments, dated as at June 13, 2013.

Funds means mutual funds that are subject to NI 81-101 and from time to time managed by a Filer or an associate or affiliate of a Filer.

Receipted Fund Facts means the Fund Facts document pertaining to a Fund which has been filed with a prospectus of that Fund in accordance with the requirements of NI 81-101 and in the format prescribed by the Fund Facts Form, subject to exemptive relief or other approval granted, and that has been receipted by the Commission from time to time.

Right of Rescission means the right of action, under the securities legislation of the Jurisdictions, for rescission or damages against a dealer, for failure of the dealer to send or deliver the Prospectus to a purchaser of a security to whom a Prospectus was required to be sent or delivered, but was not sent or delivered in compliance with the Delivery Requirement. In Québec, such a purchaser may apply to have the transaction rescinded or the price revised, at the purchaser's option, without prejudice to the purchaser's claim for damages. Collectively, these rights are referred to as the **Rights of Rescission**.

Right of Withdrawal means the right, given to a purchaser under the securities legislation of the Jurisdictions, to withdraw from a purchase order for a security of a mutual fund if the dealer from which the purchaser purchases the security receives written notice evidencing the intention of the purchaser not to be bound by the purchase order within two days of receipt of the latest Prospectus sent or delivered in compliance with the Delivery Requirement. In Québec, this right is called a right to rescind. Collectively, these rights are referred to as the Rights of Withdrawal.

Representations

This decision is based on the following facts represented by the Filers:

1 GCIC is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario. GCIC is registered as: (i) a portfolio manager (**PM**) in all of the provinces of Canada (except Newfoundland and Labrador) and in the Northwest Territories; (ii) an investment fund manager (**IFM**) in Ontario, Québec and Newfoundland and Labrador; and (iii) a commodity trading manager (**CTM**) in Ontario.

2 1832, an affiliate of GCIC, is a limited partnership established under the laws of Ontario with its head office in Toronto, Ontario. 1832 is registered as: (i) a PM in all of the provinces of Canada and in the Yukon; (ii) an exempt market dealer in all of the provinces of Canada (except Prince Edward Island and Saskatchewan); (iii) an IFM in Ontario, Québec and Newfoundland and Labrador; and (iv) a CTM in Ontario. Effective September 30, 2013, Scotia Asset Management L.P. changed its name to “1832 Asset Management L.P.”.

3 The Representative Dealer is registered in the following categories: (i) futures commission merchant in Ontario and Manitoba; (ii) investment dealer in all of the Jurisdictions; (iii) derivatives dealer in Québec; and (iv) securities, options, managed accounts & futures contracts and futures contract options in all of the Jurisdictions (except Ontario).

4 Each of the Funds is, or will be, offered for sale on a continuous basis in one or more of the Jurisdictions pursuant to a simplified prospectus governed by NI 81-101.

5 Each Fund is or will be an open-ended mutual fund trust, corporation or limited partnership established under the laws of the Province of Ontario.

6 Each Fund is or will be a reporting issuer in one or more of the Jurisdictions.

7 Securities of each Fund are or will be distributed through the Representative Dealer and through other dealers which may or may not be affiliated with the Filer that is the manager of the Fund (each, a **Dealer**, and collectively, the **Dealers**).

8 Each Dealer is or will be registered as a mutual fund dealer or investment dealer in one or more of the Jurisdictions.

9 Neither the Filers nor the Funds are in default of securities legislation in any of the Jurisdictions.

10 Pursuant to the securities legislation in the Jurisdictions, each Dealer has an obligation to send or deliver the Prospectus to a purchaser of a security of a Fund within two days of the purchase of the security.

11 Pursuant to the CSA's point of sale disclosure project for mutual funds (the **Project**), the CSA has determined that it is desirable to create a summary disclosure document called the fund facts document (the **Fund Facts**).

12 CSA Staff Notice 81-319 – *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds* (**CSA Staff Notice 81-319**) outlined the CSA's decision to implement the point of sale disclosure framework in stages.

13 Stage 1 of the Project became effective on January 1, 2011 by amending NI 81-101 and related instruments, mandating a mutual fund to prepare and file a Fund Facts on the System for Electronic Document Analysis and Retrieval (**SEDAR**) for each relevant class or series of the mutual fund, and having the Fund Facts posted to the mutual fund's or its manager's website and sent or delivered to any person upon request, at no cost.

14 Stage 2 of the Project allows delivery of the Fund Facts to satisfy the current requirement under the Legislation to send or deliver the Prospectus within two days of purchasing a mutual fund. On June 13, 2013, Stage 2 of the Project was completed with the publication of the final amendments (the **Amendments**), which included amendments to the Fund Facts and requires delivery of the Fund Facts instead of the prospectus to satisfy the prospectus delivery requirement. The Amendments are phased in over a twelve month period.

15 Each Filer has determined that it would be desirable to apply for relief to permit Dealers to be able to choose whether to send or deliver the Prospectus or, in its place, the Receipted Fund Facts to satisfy the Delivery Requirement prior to the coming into force of that portion of Stage 2 of the Project which relates to the sending or delivery of the Fund Facts to satisfy the Delivery Requirement. CSA Notice 81-321 contemplates the possibility of such relief.

16 Investors are able to request a copy of the Prospectus, at no cost, by contacting the applicable Filer or Dealer and will continue to be able to access the Prospectus on the SEDAR website and on the website of the Filer or the Fund (as applicable).

Decision

The principal regulator is satisfied that the decision meets the test set out under the securities legislation of the principal regulator to make the decision.

The decision of the principal regulator under the securities legislation of the principal regulator is that the Requested Relief is granted provided that:

1 The Filers provide the applicable Receipted Funds Facts to Dealers for sending or delivering in lieu of the Prospectus in connection with the purchase of securities of a Fund.

2 The Receipted Fund Facts delivered pursuant to the Requested Relief discloses for a specific class or series (i) if management fees, administration fees and/or other fees are payable directly by investors to the manager of the mutual fund in respect of holding securities of that class or series of the mutual fund, the existence of such fees and, in any Fund Facts filed after the date of this decision and no later than the next renewal of the Prospectus for such class or series, the maximum management fees, administration fees and/or other fees that may be charged by the manager of the mutual fund to the investor, and (ii) any requirement for an investor to participate in a fee-based arrangement with their dealer in order to be eligible to purchase the particular class or series of the mutual fund.

3 The most recently filed Prospectus of each Fund specifies under Item 3 of Part A of Form 81-101F1 – *Contents of Simplified Prospectus* that the Fund Facts is incorporated by reference into the Prospectus.

4 The Receipted Fund Facts sent or delivered to an investor pursuant to the Requested Relief is not attached to or bound with any other Receipted Fund Facts except any other Receipted Fund Facts also being sent or delivered pursuant to the Requested Relief in connection with the securities being purchased by the investor.

5 The Filer and any Dealer relying on the Requested Relief will grant to an investor purchasing the securities of a Fund rights equivalent to the Rights of Withdrawal (the **Equivalent Rights**) upon the sending or delivery of the Receipted Fund Facts. The Rights of Withdrawal and the Rights of Rescission will no longer apply if the Receipted Fund Facts is sent or delivered to an investor in accordance with the time period and in the manner specified for the Prospectus under the Delivery Requirement.

6 Investors in the Funds receive notice in a document other than the Receipted Fund Facts, at or before the time they receive the Receipted Fund Facts, indicating that they will have equivalent rights and protections otherwise applicable under securities law in their jurisdiction for the sending or delivery of the Receipted Fund Facts, which includes wording substantially similar to the following:

The Fund Facts for the securities you purchase is being sent or delivered to you instead of the simplified prospectus. You will continue to have the equivalent rights and protections otherwise applicable under securities law as if you were sent or delivered the simplified prospectus. Depending on your province or territory, you may have the right to:

- *withdraw from an agreement to buy securities of mutual funds within two business days after you receive a fund facts document, or*
- *cancel your purchase within 48 hours after you receive confirmation of the purchase.*

For more information, see the securities law of your province or territory or ask a lawyer.

7 Prior to a Dealer relying on the Requested Relief, a Filer or an agent of the Filer provides to the Dealer:

(a) A copy of this decision;

(b) A disclosure statement informing the Dealer of the implications of this decision; and

(c) A form of acknowledgment (the Acknowledgement) to be signed and returned by the Dealer to the Filer or its agent.

8 Prior to a Dealer relying on the Requested Relief, the Dealer returns the Acknowledgement to the Filer or an agent of the Filer:

(a) Acknowledging receipt of a copy of the decision;

(b) Agreeing to send or deliver the Receipted Fund Facts to an investor in lieu of the Prospectus;

(c) Confirming that the Dealer will provide Equivalent Rights to the investor in connection with the sending or delivery of the Receipted Fund Facts;

(d) Acknowledging that, in the event the Receipted Fund Facts is not sent or delivered in accordance with this decision, a Prospectus must be sent or delivered and the Rights of Rescission will continue to apply to the failure to send or deliver the Prospectus;

(e) Undertaking that it will only bind one Receipted Fund Facts with another Receipted Fund Facts if each is being sent or delivered at the same time to an investor pursuant to this decision; and

(f) Confirming that it has in place written policies and procedures to ensure that there is compliance with the conditions of this decision.

9 Each Filer will cause the Funds managed by it to honour any request made by an investor to exercise the Equivalent Rights in respect of an agreement to purchase securities of a Fund managed by the Filer that a Dealer fails to honour, provided such request is made in respect of a validly exercised right.

10 Each Filer or its agent keeps records of the Dealers that have returned to the Filer or its agent signed copies of the Acknowledgement and, on a confidential basis, each Filer or its agent provides the Commission on a quarterly basis beginning 60 days after the date upon which the Requested Relief is first relied upon by the Filer and the Funds, and upon request, at the discretion of the Filer, either (i) a current list of all such Dealers, or (ii) an update to the list of such Dealers or confirmation that there has been no change to such list.

11 The Requested Relief terminates on the coming into force of any legislation or rule relating to the sending or delivery of the Fund Facts to satisfy the Delivery Requirement.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Canadian Derivatives Clearing Corporation – s. 144

Headnote

Application under section 144 of the *Securities Act* (Ontario) (Act) to further vary a temporary order exempting Canadian Derivatives Clearing Corporation from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 144.

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

AND

IN THE MATTER OF
CANADIAN DERIVATIVES CLEARING CORPORATION
(CDCC)

FOURTH VARIATION TO THE
TEMPORARY EXEMPTION ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission (Commission) issued an order (Temporary Exemption Order) dated February 15, 2011 pursuant to section 147 of the Act temporarily exempting CDCC from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act;

AND WHEREAS the Commission issued an order dated February 14, 2012 pursuant to section 144 of the Act varying and restating the Temporary Exemption Order to extend CDCC's temporary exemption and amend its terms and conditions in Schedule "A" thereto;

AND WHEREAS the Commission issued an order dated February 26, 2013 pursuant to section 144 of the Act further varying and restating the Temporary Exemption Order to extend CDCC's temporary exemption and amend its terms and conditions in Schedule "A" thereto;

AND WHEREAS the Commission issued an order dated June 7, 2013 pursuant to section 144 of the Act further varying the Temporary Exemption Order to extend CDCC's temporary exemption;

AND WHEREAS the Temporary Exemption Order, as varied and restated, will terminate on October 15, 2013 unless further extended by order of the Commission;

AND WHEREAS the Commission has received an application from CDCC pursuant to section 144 of the Act requesting that the Commission further vary the Temporary Exemption Order, as varied and restated, to extend CDCC's temporary exemption from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act;

AND WHEREAS the Commission has received certain representations from CDCC in connection with the application to further vary the Temporary Exemption Order, as varied and restated;

AND WHEREAS the Commission has considered these representations, CDCC's application, and other factors;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue this order that further varies the Temporary Exemption Order, as varied and restated, to extend CDCC's temporary exemption from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act;

IT IS ORDERED, pursuant to section 144 of the Act, that the Temporary Exemption Order, as varied and restated, be further varied by replacing the reference to "October 15, 2013" with a reference to "February 28, 2014."

DATED at Toronto, October 8, 2013.

"C. Wesley M. Scott"

"James D. Carnwath"

2.2.2 Quest Partners LLC et al. – s. 78(1) of the CFA

Headnote

Subsection 78(1) of the Commodity Futures Act – order to vary previous orders granting relief from the adviser registration requirement to include a condition to pay participation fees.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am.
Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 22(1)(b), 78(1), 80.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.26.

October 8, 2013

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
CERTAIN FINANCIAL SERVICES FIRMS
LISTED IN SCHEDULE A
(the FILERS)

ORDER
(Subsection 78(1) of the CFA)

UPON the application (the Application) to the Ontario Securities Commission (the **Commission**) by the Executive Director (the **Director**) for an order, pursuant to subsection 78(1) of the CFA, to vary previous orders (the **Previous Orders**) of the Commission made under section 80 of the CFA with respect to the Filers,

AND WHEREAS the Previous Orders provided that the Filers and their Representatives (as defined in the Previous Orders) are exempt from the adviser registration requirements in paragraph 22(1)(b) of the CFA, in respect of providing advice to Permitted Clients (as defined in the Previous Orders) as to trading in Foreign Contracts (as defined in the Previous Orders) provided that certain conditions are satisfied;

AND WHEREAS the conditions in the Previous Orders were intended to be analogous to the conditions of the international adviser exemption under section 8.26 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**)(the **International Adviser Exemption**) ;

AND WHEREAS a condition required of a person or company relying on the International Adviser Exemption is to comply with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 *Fees*;

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

AND UPON the Filers having confirmed they do not object to to a variation of the Previous Orders;

AND UPON the Commission being of the opinion that to make this Order would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to subsection 78(1) of the CFA, that the Previous Orders are varied as follows:

the condition below is deleted:

> By December 1 of each year, the Filer notifies the Commission if it is relying on the exemption from registration granted pursuant to this Order;

and replaced with the following condition:

> By December 1, 2013, the Filer complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 *Fees*.

October 8, 2013

"Wesley M. Scott"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

Schedule A

In the Matter of Quest Partners LLC, dated December 28, 2012

In the Matter of Security Investors, LLC dated December 28, 2012

In the Matter of 2100 Xenon Group LLC dated May 10, 2011

2.2.3 TAC Gold Corporation – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – cease trade order revoked.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

(THE "ACT")

AND

IN THE MATTER OF
TAC GOLD CORPORATION

ORDER
(Section 144)

WHEREAS the securities of **TAC GOLD CORPORATION** (the **Issuer**) are subject to a cease trade order made by the Director dated August 22, 2012 (the **Permanent Order**) pursuant to subsections 127(1) and 127(5) of the Act directing that all trading in the securities of the Issuer whether direct or indirect, cease until the Permanent Order is revoked by the Director;

AND WHEREAS the Permanent Order was made on the basis that the Issuer was in default of certain filing requirements under Ontario securities law as described in the Permanent Order and outlined below;

AND WHEREAS the Issuer has made an application to the Ontario Securities Commission (the Commission) for revocation of the Permanent Order pursuant to section 144 of the Act;

AND UPON the Issuer having represented to the Commission that:

1. The Issuer is a corporation organized under the laws of British Columbia under the name 'TAC Capital Corp.' on September 14, 2005. The Issuer changed its name to TAC Gold Corporation on December 21, 2009.

2. The Issuer is a junior mineral exploration company with a head office at Suite 203, 2780 Granville Street, Vancouver, British Columbia V6H 3J3.

3. The Issuer is a reporting issuer under the securities legislation of the provinces of Ontario,

Alberta and British Columbia (the **Reporting Jurisdictions**) only, and is not a reporting issuer in any other jurisdiction. The British Columbia Securities Commission is the principal regulator of the Issuer.

4. The Issuer's common shares (**Common Shares**) are listed for trading on the Canadian National Stock Exchange (**CNSX**) under the trading symbol TCG, however, trading is currently subject to a regulatory halt. The Issuer's common shares are only listed for trading on the CNSX and the Issuer is not listed for trading of any of its securities on any other exchange, marketplace or facility.

5. The Issuer has authorized capital of an unlimited number of common shares without par value, of which 20,205,000 common shares are issued and outstanding. The Issuer's consolidated interim financial report for the nine-month interim period ended December 31, 2012, indicates $323,393 in accounts payable and accrued liabilities and $156,000 in loans payable.

6. The Commission made the decision ordering that trading cease in respect of the securities of the Issuer because the Issuer failed to file its audited annual financial statements and Form 51-102F1 *Management's Discussion and Analysis* (**MD&A**) for the year ended March 31, 2012 and certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109 certificates**). A temporary cease trade order was made by the Director on August 10, 2012, which order was then subsequently extended on August 22, 2012 until further order of the Director.

7. The Issuer is also subject to a cease trade order issued by the British Columbia Securities Commission on August 7, 2012 for failure by the Issuer to file its comparative financial statement for its financial year ended March 31, 2012, and MD&A for the period ended March 31, 2012. The Issuer has applied for a revocation of the cease trade order issued by the British Columbia Securities Commission concurrent with its application to the Commission.

8. The Issuer is also subject to a cease trade order issued by the Alberta Securities Commission on November 7, 2012, for failure by the Issuer to file its audited annual financial statements, annual MD&A and NI 52-109 certificates for the year ended March 31, 2012, and for failure to file interim unaudited financial statements, interim MD&A, and NI 52-109 certificates for the interim period ended June 30, 2012. The Issuer has applied for a revocation of the cease trade order issued by the Alberta Securities Commission concurrent with its application to the Commission.

9. The Issuer has filed with the securities regulator or securities regulatory authority in each of the Reporting Jurisdictions (the **Authorities**) all continuous disclosure that it is required to file under the securities legislation of the Reporting Jurisdictions and has paid all activity, participation and late filing fees that it is required to pay to the Authorities.

10. Since the date of issuance of the Permanent Order, the Issuer has filed, among other things, the following continuous disclosure documents with the Authorities:

    a news release dated October 30, 2012, announcing the termination of the Goldfield West Option and lapse of Iowa Canyon Option;

    b. an advance Notice dated October 31, 2012, of an annual general and special meeting of shareholders set for December 28, 2012;

    c. an amended advance Notice dated November 23, 2012, cancelling the annual general and special meeting of shareholders previously set for December 28, 2012;

    d. comparative audited consolidated annual financial statements, MD&A, NI 52-109 certificates and a Participation Fee Form 13-502F1 for the Issuer's year ended March 31, 2012;

    e. comparative unaudited consolidated interim financial report, MD&A and NI 52-109 certificates for the Issuer's interim periods ended June 30, September 30 and December 31, 2012;

    f. an advance Notice dated July 19, 2013, of an annual general and special meeting of shareholders set for September 19, 2013;

    g. comparative audited consolidated annual financial statements, MD&A, NI 52-109 certificates and a Participation Fee Form 13-502F1 for the Issuer's year ended March 31, 2013;

    h. Notice of Annual General and Special Meeting of Shareholders, Management Information Circular and form of proxy for a shareholder meeting to be held on September 19, 2013;

    i. comparative unaudited consolidated interim financial report, MD&A and NI 52-109 certificates for the Issuer's interim period ended June 30, 2013.

11. Since the date of issuance of the Permanent Order, there have been no undisclosed material changes in the business, operations or affairs of the Issuer.

12. The Issuer's SEDAR issuer profile and SEDI issuer profile supplement are up-to-date.

13. The Issuer (i) is up-to-date with all of its continuous disclosure obligations; (ii) is not in default of any of its obligations under the Permanent Order; and (iii) is not in default of any requirements under the Act or the rules and regulations made pursuant thereto other than as set out in representation 15, below.

14. On application to the Registrar of Companies under section 182(4) of the *Business Corporations Act* (British Columbia), the Registrar granted the Issuer an extension to September 19, 2013, within which to hold its annual general shareholders' meeting for the year 2012. The Issuer called an annual general and special meeting of its shareholders that was held on September 19, 2013 (the **September 19, 2013 Meeting**), notwithstanding which, the Issuer has undertaken in accordance with Section 3.1(5) of NP 12-202 to hold an annual general meeting of its shareholders within three months of the date on which the Permanent Order is revoked.

15. On August 27, 2013, the Issuer filed its management information circular (the **Circular**), dated August 15, 2013, in connection with the September 19, 2013 Meeting. In the Circular, the Issuer proposed a consolidation of its issued share capital. This may be an act in furtherance of a trade which would contravene the Permanent Order.

16. The Issuer's current directors and executive officers are: Gregory M. Thomas, President and Chief Executive Officer (appointed June 26, 2009) and a director (since June 17, 2009, having filled a casual vacancy created by a resigning director); Fred Baker, a director (since June 17, 2009, having filled a casual vacancy created by a resigning director); and Harvey Dick, a director (since March 4, 2010, when appointed as an additional director of the Issuer). Gregory M. Thomas, Fred Baker and Harvey Dick were most recently elected as directors of the Issuer at the September 19, 2013 Meeting. The Issuer has no current or incoming directors, executive officers or promoters other than those disclosed herein.

17. To the knowledge of the directors and management of the Issuer, Gregory M. Thomas, who currently serves, and it is proposed by the Issuer's Board of directors that he will continue to serve the Issuer, in the capacity of President and Chief Executive Officer, who beneficially owns, directly or indirectly, or exercises control or direction over 2,520,060 common shares of the Issuer representing approximately 12.5% of the Issuer's issued and outstanding common shares, is the only shareholder of the Issuer who beneficially owns, directly or indirectly, or exercises control or direction over common shares carrying more than 10% of the voting rights attaching to the common shares of the Issuer, common shares being the only class of voting securities of the Issuer.

18. The Issuer is not considering nor is it involved in any discussions related to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

19. The Issuer has given the executive director of its principal regulator, the British Columbia Securities Commission (**Executive Director**) a written undertaking that it will not complete any transaction that would result in a reverse take-over without providing advance written notice of such transaction to the Executive Director.

20. Upon issuance of this revocation order, the Issuer will issue a news release announcing the revocation and concurrently file the news release and a Material Change Report on SEDAR.

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

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Permanent Order;

IT IS ORDERED pursuant to section 144 of the Act that the Permanent Order is revoked.

DATED this 8th day of October, 2013.

"Shannon O'Hearn"
Manager, Corporate Finance
Ontario Securities Commission

2.2.4 Portfolio Capital et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON
AND AMY HANNA-ROGERSON

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on March 25, 2013, the Ontario Securities Commission ("the Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 25, 2013 with respect to Portfolio Capital Inc. ("Portfolio Capital"), David Rogerson ("Rogerson") and Amy Hanna-Rogerson ("Hanna-Rogerson") (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for April 17, 2013;

AND WHEREAS on April 17, 2013, Staff and counsel to Rogerson appeared before the Commission and no one appeared on behalf of Hanna-Rogerson or Portfolio Capital;

AND WHEREAS on April 17, 2013, the Commission ordered that a pre-hearing conference take place on May 27, 2013 at 9:00 a.m.;

AND WHEREAS on May 27, 2013, Staff and counsel to the Respondents appeared and made submissions before the Commission;

AND WHEREAS on May 27, 2013, the Commission ordered that a pre-hearing conference take place on June 24, 2013 at 9:00 a.m.;

AND WHEREAS on May 27, 2013, the parties agreed that at the pre-hearing conference scheduled for June 24, 2013 at 9:00 a.m., the parties would be prepared to set the following dates:

(a) a date in September 2013 for a pre-hearing conference, by which time the Respondents and Staff will have provided witness lists and disclosure to the other parties;

(b) a date in October 2013 for a further pre-hearing conference to prepare for the hearing on the merits; and

(c) dates in November 2013 for the hearing on the merits;

AND WHEREAS on June 4, 2013, Staff filed an Amended Statement of Allegations with respect to the Respondents;

AND WHEREAS on June 24, 2013, Staff appeared and made submissions and counsel to Rogerson appeared and made submissions on behalf of his client and on behalf of counsel to Hanna-Rogerson and Portfolio Capital;

AND WHEREAS on June 24, 2013, the Commission ordered that:

(a) Staff shall provide any additional disclosure to the Respondents by July 12, 2013;

(b) Staff shall provide its witness list and hearing briefs to the Respondents by September 12, 2013;

(c) the Respondents shall provide their witness lists and hearing briefs to Staff by September 25, 2013;

(d) the hearing be adjourned to a further pre-hearing conference to be held on September 27, 2013 at 10:00 a.m. to prepare for the hearing on the merits; and

(e) the hearing on the merits in this matter shall commence on November 4, 2013 at 10:00 a.m. and shall continue on November 6, 7, 8 and 11 2013;

AND WHEREAS on June 26, 2013, Staff filed an Amended Amended Statement of Allegations with respect to the Respondents;

AND WHEREAS on September 27, 2013, Staff appeared and made submissions and counsel to Rogerson and Portfolio Capital appeared and made submissions on behalf of his clients and on behalf of counsel to Hanna-Rogerson;

AND WHEREAS on September 27, 2013, the Commission ordered that the hearing be adjourned to a further pre-hearing conference to be held on October 9, 2013 at 2:00 p.m.;

AND WHEREAS on October 9, 2013, Staff and counsel to the Respondents appeared and made submissions before the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED as follows:

(a) the hearing dates of November 4, 6, 7 and 8, 2013 are vacated;

(b) the hearing on the merits in this matter shall commence on November 11, 2013 at 10:00 a.m. and shall continue on November 13, 14 and 15, 2013;

(c) the hearing is adjourned to a further pre-hearing conference to be held on October 17, 2013 at 2:00 p.m.;

(d) the motion brought by counsel to Rogerson and Portfolio Capital to adjourn the commencement date of November 11, 2013 for the hearing on the merits will be heard immediately following the pre-hearing conference scheduled for October 17, 2013; and

(d) the Respondents shall be granted one last indulgence and shall provide their hearing briefs, will-say statements and witness list to Staff by October 29, 2013.

DATED at Toronto this 9th day of October, 2013.

"Alan Lenczner"

2.2.5 Normand Gauthier et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
NORMAND GAUTHIER, GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII"), and CanPro Income Fund I, LP ("CanPro") (collectively, the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated March 27, 2012;

AND WHEREAS the Respondents entered into a Settlement Agreement with Staff of the Commission dated October 2, 2013 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated March 27, 2012, subject to the approval of the Commission;

AND WHEREAS pursuant to the Settlement Agreement, the Respondents have, jointly and severally, given an undertaking to the Commission, in the form attached as Schedule "B" to the Settlement Agreement, to make payments to RIII investors pursuant to agreements entered into between the Respondents and the RIII investors, within 6 months of the approval by the Commission of the Settlement Agreement (the "Undertaking");

AND WHEREAS on October 2, 2013, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a Settlement Agreement entered into between Staff and the Respondents;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Gauthier, Gauthier on behalf of the other Respondents, and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

(a) The Settlement Agreement is approved;

(b) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondents are reprimanded;

(c) pursuant to paragraph 1 of subsection 127(1) of the Act, the registrations granted to Gauthier and Gentree under Ontario securities law are terminated;

(d) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by or of Gentree, RIII and CanPro shall cease permanently;

(e) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gentree, RIII and CanPro is prohibited permanently;

(f) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gentree, RIII and CanPro permanently;

(g) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Gauthier, including as the term "security" is defined in subsections 1(1) and 76(6) of the Act, whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the Settlement Agreement;

(h) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gauthier, including as the term "security" is defined in subsections 1(1) and 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement;

(i) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gauthier for a period of 10 years from the date of the order approving the Settlement Agreement;

(j) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Gauthier shall immediately resign all positionsthat he holds as a director or officer of any reporting issuer, registrant or investment fund manager;

(k) pursuant to paragraph 7 of subsection 127(1) of the Act, Gauthier shall immediately resign any position he holds as a director or officer of Gentree, and any other issuers (subject to the exception as set out in subparagraph (n) of this Order, below);

(l) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the Act, Gauthier is permanently prohibited from becoming or acting as a director or officer of any registrant or investment fund manager;

(m) pursuant to paragraph 8 of subsection 127(1) of the Act, Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a director or officer of any reporting issuer;

(n) pursuant to paragraph 8 of subsection 127(1) of the Act, Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a director or officer of any issuer, with the exception that Gauthier is permitted to act or continue to act as a director and officer of any company through which he carries on business, so long as there are no more than 10 holders of the securities of the corporation, including him, his spouse, and/or immediate family;

(o) pursuant to paragraph 8.5 of subsection 127(1) of the Act, the Respondents are permanently prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(p) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, the Respondents shall disgorge to the Commission the unpaid balance arising from the Undertaking, up to the amount of $114,420 obtained as a result of non-compliance with Ontario securities law. The amount of $114,420 to be disgorged to the Commission pursuant to this paragraph (p) shall be reduced by the same amount as any funds paid back to the RIII investors in accordance with the Undertaking and the agreements entered into between the Respondents and the said investors, provided that satisfactory supporting evidence of such payments is provided by the Respondents to Staff. This disgorgement amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(q) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, Gauthier and Gentree, jointly and severally, shall disgorge to the Commission the amount of $1,785,950.62, obtained as a result of non-compliance with Ontario securities law, which amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(r) pursuant to paragraph 9 of subsection 127(1) of the Act, Gauthier shall pay to the Commission within one year of the approval by the Commission of this Settlement Agreement an administrative penalty in the amount of $15,000.00, for his failure to comply with Ontario securities law, which amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(s) pursuant to section 127.1 of the Act, Gauthier shall pay to the Commission within one year of the approval by the Commission of this Settlement Agreement the amount of $10,000.00, representing a portion of Staff's costs in this matter;

(t) After the payments set out in paragraphs (p), (q), (r) and (s), are made in full, as an exception to the provisions of paragraphs (g), (h) and (i) of this Order above, Gauthier is permitted to:

i. trade in or acquire, for the account of any registered retirement savings plan, registered pension plan, tax free savings accounts and self-directed retirement savings plans as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended, in which Gauthier and/or his spouse have sole legal and beneficial ownership, and such trading shall be carried out solely through a registered dealer in Canada (which dealer must be given a copy of this Order) (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer;

ii. acquire securities of a “private issuer” as defined in section 2.4 of National Instrument 45-106 for investment purposes and the purposes of operating a business for (i) his own account, (ii) the account of a corporation of which he and/or his spouse have sole legal and beneficial ownership, or (iii) the account of a trust in which his children are the sole beneficiaries, except that Gauthier shall not be permitted to acquire securities in a private issuer that holds, directly or indirectly, securities of a reporting issuer as defined in sections 1(1) and 76(5) of the Act or any other issuer with a real and substantial connection to Ontario, any securities of which are publicly traded; and

iii. Exemptions are permitted for the purpose of trades described in subparagraphs (t)(i) and (ii) of this Order, above.

(u) Until the entire amount of the payments set out in subparagraphs (p), (q), (r) and (s) of this Order above, are paid in full, the prohibitions set out in subparagraphs (g), (h), (i), (m) and (n) shall continue in force without any limitation as to time period.

DATED at Toronto this 8th day of October, 2013.

“Edward P. Kerwin”

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
NORMAND GAUTHIER, GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION

This Undertaking is given in connection with a settlement agreement dated October 2nd, 2013 between the Respondents Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII"), and CanPro Income Fund I, LP ("CanPro") and Staff of the Commission ("Staff") (the "Settlement Agreement"), and all terms shall have the same meaning herein as therein unless otherwise defined herein.

Gauthier, personally and on behalf of each of Gentree, RIII, and CanPro, jointly and severally, hereby undertakes to the Commission, to pay out to the remaining RIII investors the remaining $114,420 owed pursuant to the agreements entered into between the Respondents and the RIII investors, within 6 months of the approval by the Commission of the Settlement Agreement.

The undersigned may each sign separate copies of this Undertaking. A copy of any signature will be treated as an original signature.

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
NORMAND GAUTHIER

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
GENTREE ASSET MANAGEMENT INC.
Per: **NORMAND GAUTHIER**
Authorized Signatory

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
R.E.A.L. GROUP FUND III (CANADA) LP
Per: **NORMAND GAUTHIER**
Authorized Signatory

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
CANPRO INCOME FUND I, LP
Per: **NORMAND GAUTHIER**
Authorized Signatory

2.2.6 Normand Gauthier et al. – s. 127

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

ORDER
(Sections 127 of the Securities Act)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 27, 2012 in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII"), and CanPro Income Fund I, LP ("CanPro") (collectively, the "Respondents");

AND WHEREAS on October 8, 2013, the Commission issued an Order approving a Settlement Agreement reached between Staff and the Respondents dated October 2, 2013;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED that the date of October 11, 2013 scheduled for a confidential pre-hearing conference, and the dates of October 15, 2013 through to October 29, 2013 scheduled for the hearing on the merits, are vacated.

DATED at Toronto this 8th day of October, 2013.

"Edward P. Kerwin"

2.2.7 Pro-Financial Asset Management Inc. – ss. 127(1), (2) and (8)

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

ORDER
(Subsections 127(1), (2) and (8))

WHEREAS on May 17, 2013, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order") with respect to Pro-Financial Asset Management Inc. ("PFAM") pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that:

1. Pursuant to paragraph 1 of subsection 127(1) of the Act, the registration of PFAM as a dealer in the category of exempt market dealer is suspended and the following terms and conditions apply to the registration of PFAM as an adviser in the category of portfolio manager and to its operation as an investment fund manager:

   (a) PFAM's activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Pro-Hedge Funds and Pro-Index Funds; and

   (b) PFAM shall not accept any new clients or open any new client accounts of any kind in respect of the Managed Accounts;

2. Pursuant to subsection 127(6) of the Act, the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS it appeared to the Commission that PFAM: (i) is capital deficient contrary to subsection 12.1(2) of NI 31-103; and (ii) there is an ongoing reconciliation being conducted by PFAM for the nine series of principal protected notes ("PPNs");

AND WHEREAS on May 28, 2013, the Commission ordered: (i) the Temporary Order extended to June 27, 2013; (ii) the hearing to consider whether to further extend the terms of the Temporary Order and/or to make any further order as to PFAM's registration, would proceed on June 26, 2013 at 10:00 a.m.;

AND WHEREAS on June 26, 2013, the Commission ordered that: (i) the Temporary Order be extended to July 15, 2013; and (ii) the affidavit of Michael Denyszyn sworn May 24, 2013 not be marked as an exhibit

until the next appearance in the absence of a Commission order to the contrary; and the hearing to consider this matter will proceed on July 12, 2012;

AND WHEREAS on July 11, 2013, the Commission ordered that; (i) the Temporary Order be extended to July 22, 2013; (ii) the hearing be adjourned to July 18, 2013 at 11:00 a.m.; and (iii) the hearing date of July 12, 2013 at 10:00 a.m. be vacated;

AND WHEREAS on July 18, 2013, PFAM brought a motion (the "PFAM Motion") that the hearing be held *in camera* and that the affidavits of Michael Denyszyn sworn May 24 or June 24, 2013 and the affidavit of Michael Ho sworn July 17, 2013 (collectively the "Staff Affidavits") either not be admitted as evidence or else be treated as confidential documents and the parties agreed that the motion should be heard *in camera*;

AND WHEREAS on July 18, 2013, PFAM's counsel filed supporting documents (the "PFAM Materials") in support of the PFAM Motion and counsel for PFAM and Staff made oral submissions and filed written submissions;

AND WHEREAS on July 22, 2013, the Commission ordered that: (i) the Temporary Order extended to August 26, 2013; (ii) that leave be granted to the parties to file written submissions in respect of the PFAM Motion; the Staff Affidavits, the transcript of the PFAM motion, the PFAM Materials, written submissions filed by Staff and PFAM and other documents presented during the course of the PFAM Motion shall be treated as confidential documents until further direction or order of the Commission; and (iii) the hearing adjourned to August 23, 2013 at 10:00 a.m.;

AND WHEREAS on August 23, 2013, Staff filed the affidavit of Michael Ho sworn August 22, 2013 with the Commission and PFAM's counsel filed the affidavit of Stuart McKinnon dated August 23, 2013 but the parties did not seek to mark these affidavits as exhibits;

AND WHEREAS on August 23, 2013, Staff and counsel for PFAM advised the Commission that the parties had agreed on the terms of a draft order;

AND WHEREAS on August 23, 2013, PFAM requested that the hearing be conducted *in camera* so PFAM's submissions on certain confidentiality issues could be heard and Staff did not oppose PFAM's request;

AND WHEREAS on August 23, 2013, the Commission ordered that: (i) the Temporary Order is extended to October 11, 2013; (ii) the affidavit of Michael Ho sworn August 22, 2013 and the affidavit of Stuart McKinnon sworn August 23, 2013 will be treated as confidential documents until further order of the Commission; (iii) PFAM will deliver to Staff the final PPN reconciliation report by 4:30 p.m. on September 30, 2013; and (iv) the hearing to consider whether to: (i) make any further order as to PFAM's registration as an adviser in the category of PM or in respect of its operation as an IFM, as a result of PFAM's ongoing capital deficiency; and/or (ii) otherwise vary or extend the terms of the Temporary Order, will proceed on October 9, 2013 at 11:00 a.m.;

AND WHEREAS on October 9, 2013, PFAM brought a second motion (the "Second PFAM Motion") for an order that the hearing be held *in camera* and for a confidentiality order treating: (i) Staff and PFAM affidavits; (ii) all facta and correspondence exchanged by Staff and PFAM; and (iii) any transcript of this and prior *in camera* proceedings, as confidential documents;

AND WHEREAS on October 9, 2013, PFAM's counsel filed written submissions dated October 8, 2013 and the affidavit of Stuart McKinnon sworn October 7, 2013 and the affidavit of Kenneth White sworn October 7, 2013 in support of the Second PFAM Motion and Staff filed the Affidavit of Michael Ho sworn October 8, 2013 and opposed the request for an *in camera* hearing and for the confidentiality order;

AND WHEREAS on October 9, 2013, the Commission heard submissions from counsel on the Second PFAM Motion *in camera*;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that:

1. the Temporary Order is extended to December 15, 2013;

2. the affidavit of Michael Ho sworn October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the written submissions of the parties dated October 8 and 9, 2013 will be treated as confidential documents until further order of the Commission;

3. the hearing to consider whether to: (i) make any further order as to PFAM's registration as an adviser in the category of PM or in respect of its operation as an IFM, as a result of PFAM's ongoing capital deficiency; and/or (ii) otherwise vary or extend the terms of the Temporary Order, will proceed on December 12, 2013 at 10:00 a.m.

DATED at Toronto this 11th day of October, 2013.

"James E. A. Turner"

2.2.8 Ground Wealth Inc. et al. – ss. 127(1), (7) and (8)

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

AND

**IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER, DOUGLAS DeBOER,
ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC.
and ARMADILLO ENERGY LLC**

**ORDER
(Subsections 127(1), (7) and (8) of the Securities Act)**

WHEREAS the Ontario Securities Commission (the "Commission") issued a temporary order on July 27, 2011 (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the securities of Armadillo Energy Inc. ("the Armadillo Securities") shall cease;

2. Pursuant to paragraph 2 of subsection 127(1) of the Act, Armadillo Energy Inc. ("Armadillo Texas"), Ground Wealth Inc. ("GWI"), Paul Schuett ("Schuett"), Doug DeBoer ("DeBoer"), James Linde ("Linde"), Susan Lawson ("Lawson"), Michelle Dunk ("Dunk"), Adrion Smith ("Smith"), Bianca Soto ("Soto") and Terry Reichert ("Reichert") (collectively, the "Respondents to the Temporary Order") shall cease trading in all securities; and

3. Pursuant to subsection 127(6) of the Act, the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on August 11, 2011, the Commission held a hearing to consider whether it was in the public interest to extend the Temporary Order, and heard submissions from Staff of the Commission ("Staff") and counsel to the Respondents to the Temporary Order;

AND WHEREAS on August 11, 2011, the Commission extended the Temporary Order to February 13, 2012 (the "Amended Temporary Order") on the same terms and conditions as provided for in the Temporary Order; provided that the Temporary Order shall not prevent a Respondent from trading for the Respondent's own account, solely through a registered dealer or a registered dealer in a foreign jurisdiction (which dealer must be given a copy of the Amended Temporary Order), in (a) any "exchange traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101, provided the Respondent does not own beneficially or exercise control or direction over more than 5 per cent of the voting or equity securities of the issuer of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer; and provided the Respondent provides Staff with the particulars of the accounts in which such trading is to occur before any trading in such accounts occurs;

AND WHEREAS on February 8, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the Amended Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and heard submissions from Staff and from counsel to the Respondents to the Temporary Order;

AND WHEREAS on February 8, 2012, the Commission extended the Amended Temporary Order to August 8, 2012 (the "February 2012 Temporary Order") on the following terms:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the Armadillo Securities shall cease;

2. Pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondents to the Temporary Order shall cease trading in Armadillo Securities and/or in securities of a nature similar to Armadillo Securities, which are securities evidencing an interest in the production of barrels of oil still in the ground; and

3. This Order shall not prevent Staff from applying to the Commission for a variation of this Order if Staff considers that doing so is in the public interest;

AND WHEREAS on August 2, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and heard submissions from Staff and from counsel to the Respondents to the Temporary Order;

AND WHEREAS on August 2, 2012, the Commission extended the February 2012 Temporary Order until February 4, 2013, and ordered that the matter return before the Commission on February 1, 2013;

AND WHEREAS on February 1, 2013, the Commission held a hearing to consider whether it was in the public interest to further extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS on February 1, 2013, Staff appeared, made submissions and requested that the February 2012 Temporary Order be extended against GWI, Armadillo Texas, DeBoer, Dunk and Smith only;

AND WHEREAS on February 1, 2013 Staff advised that they would be initiating proceedings in this matter under section 127 of the Act shortly and would not be naming Schuett, Linde, Lawson, Soto or Reichert as respondents;

AND WHEREAS on February 1, 2013, counsel to the Respondents to the Temporary Order did not appear, but email correspondence setting out his position and advising that he did not oppose the extension of the February 2012 Temporary Order to March 6, 2013 was filed by Staff;

AND WHEREAS on February 1, 2013, the Commission extended the February 2012 Temporary Order to March 6, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith and ordered that a further hearing be held before the Commission on March 5, 2013 (the "February 2013 Temporary Order");

AND WHEREAS on February 1, 2013, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the Act, in relation to a Statement of Allegations filed by Staff on February 1, 2013 (the "Statement of Allegations") naming as respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith, as well as Joel Webster ("Webster"), Armadillo Energy, Inc., a Nevada company ("Armadillo Nevada") and Armadillo Energy LLC, an Oklahoma company ("Armadillo Oklahoma") (collectively, the "Respondents");

AND WHEREAS on March 5, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

AND WHEREAS on March 5, 2013, Staff appeared, made submissions and advised that Smith, GWI, Dunk and Armadillo Nevada had been successfully served with the Notice of Hearing and the Statement of Allegations, but that Staff required additional time to serve the Notice of Hearing and the Statement of Allegations on Webster, DeBoer, Armadillo Texas and Armadillo Oklahoma;

AND WHEREAS on March 5, 2013, counsel to GWI and Dunk appeared, made submissions and did not oppose the extension of the February 2013 Temporary Order; Smith appeared personally but made no submissions; and Webster, DeBoer, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS on March 5, 2013, the Commission continued the February 2013 Temporary Order to April 9, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith, and adjourned the proceeding in relation to the February 2013 Temporary Order to April 8, 2013;

AND WHEREAS on April 8, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

AND WHEREAS on April 8, 2013, Staff appeared, made submissions and filed the Affidavit of Stephen Carpenter, sworn March 27, 2013;

AND WHEREAS Staff also filed materials confirming that (a) GWI, Dunk, Smith, Webster, DeBoer, Armadillo Texas and Armadillo Nevada were served with the Notice of Hearing and the Statement of Allegations, and that Armadillo Oklahoma was an inactive company, and (b) disclosure was being prepared and that Staff estimated that eight weeks would be required to complete production of the electronic disclosure briefs;

AND WHEREAS on April 8, 2013, counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice, and also advised that he had been in contact with Smith and that Smith also did not oppose the further extension of the February 2013 Temporary Order;

AND WHEREAS counsel to GWI, Dunk and DeBoer also advised that his clients did not oppose an eight week adjournment of the proceeding in relation to the Notice of Hearing without prejudice, and that Smith also did not oppose the requested adjournment;

AND WHEREAS on April 8, 2013, Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS on April 8, 2013, Schuett, Linde, Lawson, Soto and Reichert were no longer respondents to the February 2013 Temporary Order and were not respondents to the proceeding initiated by the Notice of Hearing;

AND WHEREAS on April 8, 2013, the remaining respondents to the February 2013 Temporary Order, being GWI, Armadillo Texas, DeBoer, Dunk and Smith, were all respondents to the proceeding initiated by the Notice of Hearing;

AND WHEREAS on April 8, 2013, the Commission ordered that:

1. The February 2013 Temporary Order be extended to June 7, 2013, or until further order of the Commission, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith;

2. A further hearing in relation to the February 2013 Temporary Order be held on June 6, 2013;

3. The hearing in relation to the Notice of Hearing be adjourned to June 6, 2013; and

4. Any further notices or orders in this matter shall proceed under a single style of cause of the proceeding initiated by the February 1, 2013 Notice of Hearing, being "IN THE MATTER OF GROUND WEALTH INC., MICHELLE DUNK, ADRION SMITH, JOEL WEBSTER, DOUGLAS DeBOER, ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC. and ARMADILLO ENERGY LLC.";

AND WHEREAS on June 6, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

AND WHEREAS Staff appeared, made submissions and filed the Affidavit of Stephen Carpenter, sworn May 22, 2013, and advised that disclosure was prepared and available for delivery to all the Respondents, upon their signing of an undertaking in such terms suitable to protect the personal and private information contained in the disclosure brief;

AND WHEREAS at the hearings, Staff provided counsel to GWI, Dunk and DeBoer with three copies of the electronic disclosure brief;

AND WHEREAS counsel to GWI, Dunk and DeBoer made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS the Commission advised the parties that it expected to set the dates for a hearing on the merits at the next appearance on this matter;

AND WHEREAS on June 6, 2013, the Commission ordered that:

1. The hearing in relation to the Notice of Hearing be adjourned to a pre-hearing conference to be held on August 20, 2013 at 10:00 a.m.;

2. The hearing in relation to the February 2013 Temporary Order be adjourned to August 20, 2013 at 10:30 a.m.; and

3. The February 2013 Temporary Order against the Respondents be extended to August 22, 2013;

AND WHEREAS on August 20, 2013, a confidential pre-hearing conference was held, followed by a public hearing to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS Staff appeared and made submissions;

AND WHEREAS counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear, although properly served with notice of the hearings;

AND WHEREAS after hearing the submissions of Staff and counsel to GWI, Dunk and DeBoer, the Commission deferred setting the dates for a hearing on the merits and advised the parties that it expected to set such dates at the next appearance on this matter;

AND WHEREAS on August 20, 2013 the Commission ordered that:

1. The pre-hearing conference be adjourned and shall continue on October 1, 2013 at 10:00 a.m.;

2. The hearing in relation to the extension of the February 2013 Temporary Order be adjourned and shall continue on October 1, 2013, at 10:30 a.m.; and

3. The February 2013 Temporary Order be extended to October 3, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith;

AND WHEREAS on September 20, 2013, the Registrar of the Commission received a written request on behalf of counsel to GWI, Dunk and DeBoer, requesting an adjournment of the next appearances on this matter (the "Adjournment Request");

AND WHEREAS Staff and counsel to GWI, Dunk and DeBoer agreed that the next pre-hearing conference be rescheduled to October 11, 2013 and the February 2013 Temporary Order be extended to October 16, 2013;

AND WHEREAS Armadillo Texas, Armadillo Nevada and Smith were provided with an opportunity to object to the Adjournment Request and did not do so;

AND WHEREAS Staff submitted that Armadillo Oklahoma and Webster could not be served;

AND WHEREAS on September 30, 2013, the Commission ordered that:

1. The pre-hearing conference scheduled for October 1, 2013 at 10:00 a.m. be adjourned and shall continue on October 11, 2013 at 10:00 a.m.;

2. The hearing in relation to the extension of the February 2013 Temporary Order scheduled for October 1, 2013 at 10:30 a.m. be adjourned and shall continue on October 11, 2013 at 10:30 a.m.; and

3. The February 2013 Temporary Order be extended to October 16, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith;

AND WHEREAS on October 11, 2013, a confidential pre-hearing conference was held, followed by a public hearing to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS Staff appeared and made submissions;

AND WHEREAS counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear, although properly served with notice of the hearings;

AND WHEREAS after hearing the submissions of Staff and counsel to GWI, Dunk and DeBoer, the Commission deferred setting the dates for a hearing on the merits and advised the parties that it expects to set such dates at the next appearance on this matter;

IT IS HEREBY ORDERED:

1. The pre-hearing conference is adjourned and shall continue on November 5, 2013, at 2:30 p.m.;

2. The hearing in relation to the extension of the February 2013 Temporary Order is adjourned and shall continue on November 5, 2013, at 3:00 p.m.; and,

3. The February 2013 Temporary Order is extended to November 8, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith.

DATED at Toronto this 11th day of October, 2013.

"Mary Condon"

2.2.9 SL Split Corp. – s. 1(6) of the OBCA

Headnote

Filer deemed to have ceased to be offering its securities to the public under the OBCA.

Applicable Legislative Provisions

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

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
SL SPLIT CORP.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of Capital Shares and an unlimited number of Preferred Shares.

2. The head office of the Applicant is located at 40 King Street West, Scotia Plaza, Suite 2600, Toronto, Ontario M5W 2X6.

3. No securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 – *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

4. The issued and outstanding Capital Shares and Preferred Shares of the Applicant were redeemed on January 31, 2013.

5. Following the redemption, the only issued and outstanding shares are now owned by SL Split Holdings Corp. (**150 Class J Shares**) and Scotia Managed Companies Administration Inc. (**100 Class S Shares**), and no other shares are currently issued and outstanding.

6. The Applicant has no intention to seek public financing by way of an offering of securities.

7. The Applicant's Capital Class Shares and Preferred Shares were de-listed from the TSX effective the close of trading on January 31, 2013.

8. The Applicant submitted its Voluntary Surrender of Reporting Issuer Status to the British Columbia Securities Commission on August 6, 2013 and the Applicant ceased to be a reporting issuer in British Columbia as of August 16, 2013. The Applicant was granted an order on September 26, 2013 that it is not a reporting issuer in Ontario pursuant to subclause 1(10)(a)(ii) of the Securities Act (Ontario) and is not a reporting issuer or the equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in OSC Staff Notice 12-307 *Application for Decision that an Issuer is not a Reporting Issuer*.

9. The Applicant is not a reporting issuer or equivalent in any jurisdiction of Canada.

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

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

DATED at Toronto on this 11th day of October, 2013.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.2.10 Global Consulting and Financial Services et al. – ss. 127(1), 127(8)

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
CROWN CAPITAL MANAGEMENT CORPORATION,
CANADIAN PRIVATE AUDIT SERVICE,
EXECUTIVE ASSET MANAGEMENT,
MICHAEL CHOMICA, PETER SIKLOS (also known as PETER KUTI), JAN CHOMICA, AND LORNE BANKS

TEMPORARY ORDER
(Subsections 127(1) and (8) of the Securities Act)

WHEREAS on November 4, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that Global Consulting and Financial Services ("Global"), Crown Capital Management Corporation ("Crown"), Canadian Private Audit Service ("CPAS"), Executive Asset Management ("EAM"), Jan Chomica, Michael Chomica, Peter Kuti ("Kuti"), and Lorne Banks ("Banks") (collectively, the "Respondents") cease trading in all securities (the "Temporary Order");

AND WHEREAS on November 4, 2010, the Commission ordered pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to the Respondents;

AND WHEREAS on November 4, 2010, the Commission ordered that the Temporary Order shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS on November 9, 2010, the Commission issued a direction under subsection 126(1) of the Act freezing assets in a bank account in the name of Crown (the "Freeze Direction");

AND WHEREAS on November 4, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on November 17, 2010 at 3:00 p.m. (the "Notice of Hearing");

AND WHEREAS the Notice of Hearing set out that the hearing was to consider, *inter alia*, whether, in the opinion of the Commission, it was in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the Temporary Order until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order and the Notice of Hearing, and served Crown with the Freeze Direction as evidenced by the Affidavit of Charlene Rochman, sworn on November 17, 2010, and filed with the Commission;

AND WHEREAS on November 17, 2010, Staff and counsel for Banks appeared before the Commission, and whereas Global, Crown, CPAS, EAM and Kuti did not appear before the Commission to oppose Staff's request for the extension of the Temporary Order;

AND WHEREAS Staff had received a Direction from Jan Chomica dated November 11, 2010, in which she consented to extending the Temporary Order for at least two months;

AND WHEREAS counsel for Michael Chomica did not attend the hearing but had advised Staff that Michael Chomica consented to (or did not oppose) an extension of the Temporary Order for at least two months;

AND WHEREAS on November 17, 2010, counsel for Banks advised the Commission that Banks consented to an extension of the Temporary Order;

AND WHEREAS the Commission considered the evidence and submissions before it and, pursuant to subsection 127(8) of the Act, ordered that the Temporary Order be extended to January 27, 2011;

AND WHEREAS the Commission further ordered that the hearing in this matter be adjourned to January 26, 2011 at 11:00 a.m., and that the parties make efforts to advise the Commission by January 3, 2011 whether they were in agreement that the hearing set for January 26, 2011 be held in writing;

AND WHEREAS by Notice of Motion dated December 16, 2010 (the "Notice of Motion"), Staff sought to amend the Temporary Order to include Peter Siklos ("Siklos") as the person using the alias "Peter Kuti", thereby making Siklos subject to the Temporary Order, and to abridge, under Rule 1.6(2) of the Commission's *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "Rules"), the notice requirements for the filing and service of motion materials under Rule 3.2 of the Rules and the requirement for a Memorandum of Fact and Law under Rule 3.6 of the Rules (the "Motion");

AND WHEREAS in support of the Motion, Staff filed the Affidavit of Wayne Vanderlaan ("Vanderlaan"), sworn December 15, 2010 (the "Vanderlaan Affidavit"), in which Vanderlaan stated that there is a real Peter Kuti who, based on the information currently available to Staff, is not the "Peter Kuti" which is an alias for Siklos;

AND WHEREAS the Motion was heard on Monday, December 20, 2010 at 10:00 a.m. before a panel of the Commission (the "Motion Hearing");

AND WHEREAS the Commission, after considering the Affidavit of Service of Charlene Rochman sworn December 17, 2010, was satisfied that Staff had served the Notice of Motion, the December 16, 2010 covering letter from Carlo Rossi, Litigation Counsel with Staff, and the Vanderlaan Affidavit on the Respondents;

AND WHEREAS counsel for Banks advised Staff that he would not be attending on the Motion and that Banks took no position with respect to the Motion;

AND WHEREAS on December 20, 2010, Staff and counsel for Siklos attended before the Commission, and counsel for Siklos advised that Siklos consented to the Motion;

AND WHEREAS the Commission considered the Notice of Motion and the Vanderlaan Affidavit and the submissions made by Staff and counsel for Siklos at the Motion Hearing;

AND WHEREAS the Commission ordered that:

1. Pursuant to clause 2 of subsection 127(1) of the Act, Peter Siklos (also known as Peter Kuti) shall cease trading in all securities;

2. Pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Peter Siklos (also known as Peter Kuti);

3. The title of the proceeding shall be amended accordingly;

4. For clarity, the Temporary Order as Amended (the "Amended Temporary Order") be extended to January 27, 2011; and

5. For clarity, the hearing to consider the extension of the Amended Temporary Order be held on January 26, 2011 at 11:00 a.m. and the parties shall make efforts to advise the Commission by January 3, 2011 whether they are in agreement that the hearing scheduled for January 26, 2011 be held in writing;

AND WHEREAS by way of letter dated January 25, 2011, Staff advised the Commission that it had obtained the consent of Michael Chomica, Jan Chomica, Siklos and Banks (collectively, the "Individual Respondents"), Crown and Global to extend the Amended Temporary Order;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn January 24, 2011, detailing service of the Amended Temporary Order on the Respondents and the consent of the Individual

Respondents, Crown and Global to the extension of the Amended Temporary Order;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to March 9, 2011 and that the hearing be adjourned to March 8, 2011 at 10:00 a.m.;

AND WHEREAS on March 8, 2011, Staff attended before the Commission and no one attended on behalf of the Respondents;

AND WHEREAS the Commission was satisfied that Staff had undertaken reasonable efforts to serve the Respondents with notice of the hearing;

AND WHEREAS on March 8, 2011, Staff advised the Commission that Staff had been in contact with Jan Chomica and counsel for Michael Chomica, Banks and Siklos and that Jan Chomica, Michael Chomica, Banks and Siklos were not opposing the extension of the Amended Temporary Order;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to May 17, 2011 and that the hearing be adjourned to May 16, 2011 at 10:00 a.m.;

AND WHEREAS on May 16, 2011, Staff appeared before the Commission and no one appeared on behalf of any of the Respondents;

AND WHEREAS on May 16, 2011, Staff advised the Commission that Staff had been in contact with counsel for Michael Chomica, Banks and Siklos and that the Individual Respondents were not opposing the extension of the Amended Temporary Order;

AND WHEREAS Staff further advised that Jan Chomica had provided her consent to the extension of the Amended Temporary Order by way of writing;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn May 13, 2011 detailing Staff's efforts to serve the Respondents and the consent of the Individual Respondents, Crown and Global to the extension of the Amended Temporary Order;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to July 18, 2011 and the hearing be adjourned to July 15, 2011 at 11:00 a.m.;

AND WHEREAS on July 15, 2011, Staff appeared before the Commission and no one appeared on behalf of any of the Respondents;

AND WHEREAS on July 15, 2011, Staff advised the Commission that Staff had been in contact with counsel for Michael Chomica and Banks and that Michael Chomica consented to an extension of the Amended Temporary Order for 90 days and Banks was not opposing the extension;

AND WHEREAS Staff further advised that Jan Chomica had provided her consent to the extension of the Amended Temporary Order by way of writing;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn July 13, 2011 detailing service on the Respondents;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to October 12, 2011 and the hearing be adjourned to October 11, 2011 at 2:30 p.m.;

AND WHEREAS on October 11, 2011, Staff appeared before the Commission to request that the Amended Temporary Order be extended for an additional 90 days;

AND WHEREAS no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff advised the Commission that Staff had been in contact with counsel for Siklos and Banks and that Siklos consented to an extension of the Amended Temporary Order for 90 days and Banks was not opposing the extension;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman sworn October 7, 2011 detailing service on the Respondents;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to January 12, 2012 and the hearing be adjourned to January 11, 2012 at 10:00 a.m.;

AND WHEREAS on January 11, 2012, Staff appeared before the Commission to request that the Amended Temporary Order be extended for an additional 90 days;

AND WHEREAS no one appeared on behalf of any of the Respondents other than counsel for Siklos;

AND WHEREAS Michael Chomica and Jan Chomica had advised Staff in writing that they consented to an extension of the Amended Temporary Order for 90 days;

AND WHEREAS counsel for Banks advised Staff that Banks did not oppose a further extension of the Amended Temporary Order for 90 days;

AND WHEREAS counsel for Siklos advised the Commission that he consented to an extension of the Amended Temporary Order for 90 days;

AND WHEREAS Staff provided the Commission with the Affidavit of Charlene Rochman affirmed January 10, 2012 detailing Staff's efforts to serve the Respondents;

AND WHEREAS on January 11, 2012, the Commission ordered that the Amended Temporary Order

be extended to April 12, 2012 and the hearing be adjourned to April 11, 2012 at 10:00 a.m.;

AND WHEREAS on April 11, 2012, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn April 11, 2012 detailing Staff's efforts to serve the Respondents;

AND WHEREAS on April 11, 2012, the Commission ordered that the Amended Temporary Order be extended to June 12, 2012 and the hearing be adjourned to June 11, 2012 at 9:00 a.m.;

AND WHEREAS on June 11, 2012, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn June 5, 2012 detailing Staff's efforts to serve the Respondents;

AND WHEREAS quasi-criminal proceedings were commenced in the Ontario Court of Justice pursuant to section 122(1)(c) of the Act against, *inter alia*, Michael Chomica, Jan Chomica and Siklos (the "Section 122 Proceedings");

AND WHEREAS on June 11, 2012, Staff advised the Commission that counsel for Banks consented to a further extension of the Amended Temporary Order for six months;

AND WHEREAS on June 11, 2012, the Commission ordered that the Amended Temporary Order be extended to December 5, 2012 and the hearing be adjourned to December 4, 2012 at 3:30 p.m.;

AND WHEREAS by way of letter dated November 30, 2012, Staff advised the Commission that a judicial pre-trial conference was scheduled for December 17, 2012 in connection with the Section 122 Proceedings and that the Individual Respondents consented to an extension of the Amended Temporary Order to the middle of January 2013;

AND WHEREAS Staff provided the Commission with the Affidavit of Nancy Poyhonen sworn November 30, 2012, detailing Staff's attempts to serve the Amended Temporary Order on the Respondents and the consent of the Individual Respondents to the extension of the Amended Temporary Order;

AND WHEREAS on December 3, 2012, the Commission ordered that the Amended Temporary Order be extended to January 18, 2013 and the hearing be adjourned to January 17, 2013 at 9:00 a.m.;

AND WHEREAS on January 17, 2013, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn January 15, 2013 detailing Staff's service of the Amended Temporary Order on the Individual Respondents, Global and Crown, and Staff's efforts to serve CPAS and EAM;

AND WHEREAS Staff advised the Commission that further dates had been scheduled in connection with the Section 122 Proceedings, including a set date appearance on February 14, 2013 and a continuing judicial pre-trial conference on February 28, 2013;

AND WHEREAS Staff requested that the Amended Temporary Order be extended to a date following the judicial pre-trial conference on February 28, 2013;

AND WHEREAS on January 17, 2013, the Commission ordered that the Amended Temporary Order be extended to March 8, 2013 and the hearing be adjourned to March 7, 2013 at 11:00 a.m.;

AND WHEREAS on March 7, 2013, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn March 6, 2013 detailing Staff's service of the Amended Temporary Order on the Individual Respondents, Global and Crown, and Staff's efforts to serve CPAS and EAM;

AND WHEREAS Staff advised the Commission that, on February 14, 2013, Michael Chomica pleaded guilty to three counts of fraud contrary to sections 122 and 126.1(b) of the Act and that further dates had been scheduled in connection with the Section 122 Proceedings, including a sentencing hearing for Michael Chomica on March 14, 2013;

AND WHEREAS Staff provided the Commission with a letter from counsel for Banks indicating that Banks consented to a further extension of the Amended Temporary Order;

AND WHEREAS Staff requested that the Amended Temporary Order be extended;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to April 26, 2013 and the hearing be adjourned to April 25, 2013 at 10:00 a.m.;

AND WHEREAS on April 25, 2013, Staff appeared before the Commission to request that the Amended Temporary Order be extended and no one appeared on behalf of any of the Respondents;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn March 11,

2013 detailing Staff's service of the Amended Temporary Order on the Individual Respondents, Global and Crown, and Staff's efforts to serve CPAS and EAM;

AND WHEREAS Staff advised the Commission that: (i) Michael Chomica had been sentenced to a period of incarceration in connection with the Section 122 Proceedings on March 14, 2013; (ii) Staff had withdrawn the allegations against Jan Chomica in connection with the Section 122 Proceedings; (iii) an appearance was scheduled for May 16, 2013 before the Ontario Court of Justice in connection with the Section 122 Proceedings against Siklos; and (iv) Staff had initiated administrative proceedings pursuant to section 127 of the Act against, *inter alia*, Global, Crown, Michael Chomica, Jan Chomica and Banks and the next appearance was scheduled for May 22, 2013 (the "Section 127 Proceedings");

AND WHEREAS Staff requested that the Amended Temporary Order be extended;

AND WHEREAS the Commission ordered that the Amended Temporary Order be extended to June 6, 2013 and the hearing be adjourned to June 5, 2013 at 9:00 a.m.;

AND WHEREAS by a letter from Staff to the Secretary of the Commission dated June 3, 2013 (the "June 3 Letter") accompanied by the Affidavit of Nancy Poyhonen sworn on June 3, 2013 (the "June 3 Affidavit"), Staff requested that the hearing scheduled for June 5, 2013 proceed in writing and that the Commission make certain orders in connection with the Amended Temporary Order;

AND WHEREAS the June 3 Affidavit described service of the Commission's April 25, 2013 Order on the Individual Respondents and on Global and Staff's attempts to effect service on Crown;

AND WHEREAS it has become evident that service on Crown is not possible;

AND WHEREAS the June 3 Affidavit included Staff's recent correspondence with Siklos, counsel to Banks and counsel to Jan Chomica and Global, informing such respondents of Staff's intention to request an order of the Commission to extend the Amended Temporary Order for approximately six months and to request that the hearing scheduled for June 5, 2013 proceed in writing;

AND WHEREAS trial dates were scheduled in connection with the Section 122 Proceedings against Siklos for January 2014 and the next appearance in connection with the Section 122 Proceedings was scheduled for October 4, 2013 to confirm the trial dates;

AND WHEREAS a pre-hearing conference was scheduled for June 24, 2013 in connection with the Section 127 Proceedings;

AND WHEREAS in the June 3 Letter, Staff requested that:

1. The oral hearing scheduled for June 5, 2013 proceed in writing and that the date for the oral hearing be vacated;

2. The Amended Temporary Order against Global, Crown, Michael Chomica, Jan Chomica and Banks be extended to June 26, 2013 and that the hearing in respect of these respondents be adjourned to June 24, 2013 at 10:00 a.m. so that it may be addressed at the pre-hearing conference in connection with the Section 127 Proceedings; and

3. The Amended Temporary Order against Siklos be extended to a date following his next appearance before the Ontario Court of Justice in connection with the Section 122 Proceedings on October 4, 2013, and that the hearing in respect of Siklos be adjourned to a date following October 4, 2013 that is at least two days prior to the date on which the Amended Temporary Order expires;

AND WHEREAS Siklos consented to the extension of the Amended Temporary Order as outlined above;

AND WHEREAS in the June 3 Letter, Staff indicated that it was not seeking to extend the Amended Temporary Order against either CPAS or EAM;

AND WHEREAS on June 5, 2013, the Commission ordered that:

1. The oral hearing scheduled for June 5, 2013 proceed in writing and the hearing date scheduled for June 5, 2013 be vacated;

2. The Amended Temporary Order against Global, Crown, Michael Chomica, Jan Chomica and Banks be extended to June 26, 2013 and the hearing in respect of these respondents be adjourned to June 24, 2013 at 10:30 a.m.;

3. The Amended Temporary Order against Siklos be extended to October 11, 2013 and the hearing in respect of Siklos be adjourned to October 9, 2013 at 10:00 a.m.; and

4. Pursuant to Rule 1.4 and Rule 1.5.3(3) of the Rules, future service on Crown be waived;

AND WHEREAS on June 24, 2013, Staff appeared before the Commission to request that the Amended Temporary Order be extended;

AND WHEREAS counsel for Banks attended the hearing and no one appeared on behalf of Global, Crown, Michael Chomica or Jan Chomica;

AND WHEREAS Staff provided the Commission with the Affidavit of Peaches Barnaby sworn June 21, 2013 detailing Staff's service of the Amended Temporary Order on Global, Michael Chomica, Jan Chomica and Banks;

AND WHEREAS at the hearing on June 24, 2013, dates relating to the Section 127 Proceedings were set, including a further pre-hearing conference on September 4, 2013 at 2:00 p.m. and the hearing on the merits which will commence on November 25, 2013 at 10:00 a.m. and continuing on November 26, 27, 28 and 29, 2013;

AND WHEREAS counsel for Banks did not oppose an extension of the Amended Temporary Order;

AND WHEREAS on June 24, 2013, the Commission ordered that the Amended Temporary Order against Global, Crown, Michael Chomica, Jan Chomica and Banks be extended to two days following the conclusion of the Section 127 Proceedings, including the issuance of the Commission's decision on sanctions and costs should a sanctions hearing be required following the conclusion of the hearing on the merits in this matter.

AND WHEREAS on July 17, 2013, the Commission approved a settlement agreement between Staff and Banks;

AND WHEREAS on August 6, 2013, the Commission approved a settlement agreement between Staff, Global and Jan Chomica;

AND WHEREAS by Notice of Motion, Motion Record and Written Submissions dated August 14, 2013, Staff brought a motion for an order to convert the oral hearing on the merits as it related to Michael Chomica, Crown Capital and Global Capital to a written hearing (the "Written Hearing Motion");

AND WHEREAS on September 4, 2013, the Commission granted the Written Hearing Motion and set a schedule for the filing of documents in connection with the written hearing;

AND WHEREAS Staff and Michael Chomica subsequently requested an oral hearing pursuant to subsections 127(1) and 127(10) of the Act to consider an agreed statement of facts (the "Agreed Statement of Facts") and joint submission on sanctions (the "Joint Submission on Sanctions") in respect of Michael Chomica;

AND WHEREAS on October 2, 2013, the Commission held an oral hearing to consider the Agreed Statement of Facts and the Joint Submission on Sanctions;

AND WHEREAS the Commission considered the Agreed Statement of Facts, the Joint Submission on Sanctions and the submissions of Staff and Michael Chomica and ordered that sanctions be imposed against Michael Chomica;

AND WHEREAS on October 9, 2013, Staff appeared before the Commission to request that the Amended Temporary Order against Siklos be extended and no one appeared on behalf of Siklos;

AND WHEREAS Staff filed the Affidavit of Tia Faerber sworn October 7, 2013 detailing service of the Amended Temporary Order on Siklos;

AND WHEREAS Staff advised the Commission that the next appearance in connection with the Section 122 Proceedings against Siklos is scheduled for October 24, 2013 to re-confirm trial dates;

AND WHEREAS the Commission is of the opinion that is in the public interest to make this Order;

IT IS ORDERED that the Amended Temporary Order against Siklos is extended to the tenth business day following the final disposition in the Section 122 Proceedings against Siklos, which, for greater clarity, includes the issuance of any written judgment in connection with the trial and, if required, the sentencing of Siklos.

DATED at Toronto this 9th day of October, 2013.

"Christopher Portner"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Normand Gauthier et al.

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990, c. S-5, as amended (the "Act"), it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII"), and CanPro Income Fund I, LP ("CanPro") (collectively, the "Respondents").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 27, 2012 (the "Proceeding") against the Respondents according to the terms and conditions set out in Part V of this Settlement Agreement. The Respondents agree to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as set out in Part III of this Settlement Agreement.

A. OVERVIEW

4. Between December 1, 2004 until September 26, 2011, (the "Relevant Period"), the Respondents breached sections 19, 25, 53 and 126.2(1) of the *Securities Act,* R.S.O. 1990, c. S.5, engaged in conduct contrary to sections 11.5(a), 12.1(3), 13.2 and 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") and therefore acted in a manner that was contrary to Ontario securities law and the public interest. In particular, the Respondents breached securities laws while selling securities and provided information to potential investors omitting facts necessary not to be misleading. Further, during the Relevant Period, Gentree and its principals failed to comply with their obligations as registrants in respect of record keeping, capital requirements and portfolio management. Additionally, as an officer and/or director of the other Respondents, Gauthier is deemed to have not complied with Ontario securities laws, pursuant to section 129.2 of the Act.

B. THE RESPONDENTS

5. Gentree is a corporation with its head office in Mississauga, Ontario. Until August 17, 2011, Gentree was registered as a dealer in the category of exempt market dealer and as an adviser in the category of portfolio manager in Alberta,

British Columbia, and Ontario1[1]. In Manitoba, Gentree was registered as a dealer in the category of exempt market dealer, and in Québec it was registered as an adviser in the category of portfolio manager. In Ontario, the registration of Gentree as a dealer in the category of exempt market dealer was suspended on August 17, 2011, and its registration as a portfolio manager was suspended on September 26, 2011, as a result of Temporary Orders obtained on consent from the Commission.

6. Gauthier is a resident of Mississauga, Ontario. Until Gentree's registrations were suspended, Gauthier was registered as a dealing representative, chief compliance officer and ultimate designated person of Gentree. Gauthier was also the sole officer and director of RIII, and he controlled the general partner of CanPro.

7. RIII is a limited partnership existing pursuant to the laws of Alberta. The general partner of RIII is R.E.A.L. Group Fund III (Canada) GP Inc., which is solely owned by Gauthier, who is also its president.

8. CanPro is a limited partnership existing pursuant to the laws of the state of Texas, which was formed to operate a real estate development fund in the United States. The general partner of CanPro is CanPro Capital Management LLC, which is controlled by Gauthier.

C. ILLEGAL DISTRIBUTION OF SHARES TO THE PUBLIC

9. The exempt market dealer aspect of Gentree's business involved the distribution of securities including those of Real Group Fund I LLC ("RI") a fund formed as limited liability company under the laws of Nevada and of RIII, as well as shares in Gentree itself. RIII and Gentree are related issuers.

10. Between December 1, 2004 and May 31, 2011, Gauthier and Gentree sold common shares, warrants, and preferred shares of Gentree for approximately $1,785,950.62 (the "Gentree Securities") to approximately sixty (60) Ontario investors, not all of whom qualified as accredited investors or met other applicable prospectus exemptions.

11. Gauthier and Gentree sold shares, between May 2009 and January 2011, in RIII and RI to approximately eight Ontario investors. In particular,

    (a) Between May 12, 2009 to June 4, 2009, Gentree raised US$349,000 from three Ontario investors, for investment in RI, not all of whom qualified as accredited investors or met other applicable prospectus exemptions; and

    (b) Between September 30, 2009 to January 11, 2011, Gentree raised US$359,557 from five Ontario investors for investment in RIII.

12. Gauthier and Gentree sold the Gentree Securities and shares in RI to some Ontario residents in circumstances where there were no prospectus exemptions available to them under the Act. Through these acts, Gentree acted outside the scope of its categories of registration with the Commission. Further, Gauthier traded and acted outside the scope of his categories of registration with the Commission. Consequently, Gauthier and Gentree breached s. 25(1) of the Act.

13. The sales by Gentree and Gauthier of Gentree Securities and shares in RI to investors who did not meet applicable prospectus exemptions constituted trading and distributions of securities, contrary to section 53 of the Act. Neither Gentree nor RI has ever filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued to qualify the sale of those shares.

D. MISREPRESENTATIONS TO INVESTORS

14. During the sale of the shares of RIII, the Respondents made statements that the funds raised by the distribution of RIII securities would be used to invest in units of CanPro, which would in turn invest in real estate development projects in the United States. However, a significant portion of the funds raised from investors were diverted to Gentree and utilized for purposes not disclosed to the investors. In particular, the Respondents:

    (a) transferred funds to Gentree, including the amount of US $150,000 representing a "syndication fee" that was not disclosed in RIII's offering documents;

[1] In Ontario, Gentree was registered as an investment counsel and portfolio manager, limited market dealer and commodity trading manager ("CTM") since October 2007. In September 2009, those categories of registration were transitioned to portfolio manager, exempt market dealer and CTM with the coming into force of NI 31-103. Gentree surrendered its CTM registration as at December 31, 2009.

(b) recorded additional accounts receivable on Gentree's books due from RIII and CanPro. Although Gentree did spend significant time and expense on legal fees and other disbursements to contest a receivership that resulted in recovery of funds for RI investors, these were not related to RIII or CanPro expenses; and

(c) commingled RIII investor funds with RI funds in a RIII bank account.

15. This conduct was contrary to Ontario securities law in that each of the Respondents made representations and provided information to potential investors that the Respondents knew or reasonably ought to have known in a material respect was inaccurate and omitted facts necessary not to be misleading, and which would reasonably be expected to have a significant effect on the value of these securities. In so doing, the Respondents breached section 126.2(1) of the Act.

E. FAILURE TO KEEP PROPER BOOKS AND RECORDS

16. Gentree and Gauthier also failed to keep books, records and other documents as are necessary for the proper recording of market participants' business transactions and financial affairs, contrary to section 19 of the Act.

F. GENTREE WAS INSUFFICIENTLY CAPITALIZED

17. From at least June 2011, Gentree had solvency issues and was not meeting the minimum capital requirements as outlined in subsection 12.1(3) of NI 31-103. Gauthier proposed to rectify this capital deficiency by raising further funds from investors through the distribution of additional Gentree Securities.

G. GENTREE'S PORTFOLIO MANAGEMENT BUSINESS WAS DEFICIENT

18. The portfolio management aspect of Gentree's business involved the management of approximately 127 accounts for 65 individual clients over which the firm had discretionary trading authority. The total assets under Gentree's management as of May 31, 2011 amounted to approximately $7.6 million at that time. The securities contained in these client accounts were held by unaffiliated custodians. Gentree's clients were invested in relatively conservative mutual funds, implementing a buy and hold value investing strategy.

19. In the months prior to its suspension as a portfolio manager, Gentree's portfolio management responsibilities were not being properly discharged or supervised by Gentree and Gauthier. Gentree violated the know your client and suitability obligations as outlined in subsections 13.2 and 13.3 of NI 31-103, as the advising representative (who was not Gauthier) failed to meet with clients and to ensure that sufficient information was on hand when making or approving all trades. Further, Gentree did not maintain written records of trade instructions and failed to maintain evidence of portfolio oversight, thereby failing to meet the general record requirements of subsection 11.5(1) of NI 31-103.

20. In addition, despite the fact that he is not registered as an advising representative, Gauthier accepted and executed instructions from clients to redeem investments contained in their managed accounts, without obtaining prior approval from the firm's advising representative, contrary to s. 25(3) of the Act.

H. GAUTHIER'S NON-COMPLIANCE

21. Gauthier authorized, permitted or acquiesced in the breaches by Gentree, RIII and CanPro of sections 19, 25, 53, and 126.2(1) of the Act, along with the breaches of sections 11.5(a), 12.1(3), 13.2 and 13.3 of NI 31-103, and in so doing, is deemed to have not complied with Ontario securities laws, pursuant to section 129.2 of the Act, and has engaged in conduct contrary to Ontario securities law.

I. REPAYMENT BY GAUTHIER OF RI AND RIII INVESTMENTS

22. Following the raising of investor funds for RI and RIII, each of those funds made certain unsuccessful investments, and have since been wound up. The Respondents received $57,085.28 as proceeds of a U.S. receivership arising from RI's activities, and approximately $120,000 plus interest arising from the return of an RIII investment.

23. Commencing in early 2013, the Respondents made offers to the RI and RIII investors seeking to be released from any claims arising from these investments in consideration of payment of negotiated amounts. Each of the three (3) RI investors executed a full and final release in this regard, and agreed to payment of a total amount of $57,085. The Respondents have since repaid the RI investors a total of $57,085 pursuant to the release agreements.

24. Each of the five RIII investors have also executed full and final releases, in consideration of payment for a total amount of $282,687, representing the proceeds from an RIII investment and the "syndication fee". The Respondents have since repaid, on their own volition, the RIII investors a total amount of $168,267. Gauthier has personally paid a

significant portion of this sum and has committed to personally repay the outstanding $114,420 to RIII investors. The Respondents have, jointly and severally, given an undertaking to the Commission, in the form attached as Schedule "B" to this Settlement Agreement (the "Undertaking"), to pay out the remaining $114,420 owed to the remaining RIII investors pursuant to the agreements entered into between the Respondents and the RIII investors, within 6 months of the approval by the Commission of this Settlement Agreement.

25. The Respondents have cooperated with Staff throughout the investigation.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

26. By engaging in the conduct described above, the Respondents admit and acknowledge that they have breached Ontario securities law by contravening sections 19, 25, 53, and 126.2(1) of the Act, and sections 11.5(a), 12.1(3), 13.2 and 13.3 of NI 31-103, Gauthier is deemed to have not complied with Ontario securities laws, pursuant to section 129.2 of the Act, and the Respondents admit and acknowledge that they have acted contrary to the public interest.

27. In particular:

(a) Gauthier and Gentree traded and acted outside the scope of their categories of registration with the Commission in selling shares in Gentree and RI. In relation to the Gentree Securities, this conduct was contrary to section 25(1)(a) of the Act as that section existed at the time the conduct at issue commenced on December 1, 2004. Further, for the Gentree Securities and the shares in RI sold after September 28, 2009, this conduct was also contrary to section 25(1) of the Act, as subsequently amended on September 28, 2009;

(b) Gauthier and Gentree traded in Gentree Securities and shares in RI without the required prospectus receipt or appropriate exemption, contrary to section 53 of the Act;

(c) Gauthier and Gentree failed to keep books, records and other documents as are necessary for the proper recording of market participants' business transactions and financial affairs, contrary to section 19 of the Act;

(d) The Respondents made representations and provided information to potential investors that the Respondents knew or reasonably ought to have known in a material respect was inaccurate and omitted facts necessary not to be misleading, and which would reasonably be expected to have a significant effect on the value of these securities, in contravention of s. 126.2(1) of the Act;

(e) Gentree was not meeting the minimum capital requirement in violation of subsection 12.1(3) of NI 31-103;

(f) Gentree's portfolio management responsibilities were not properly discharged or supervised by Gentree and Gauthier in violation of subsections 11.5 (a), 13.2 and 13.3 of NI 31-103;

(g) Gauthier accepted and executed instructions from clients to redeem investments contained in their managed accounts, therefore engaging in, or holding himself out as engaging in, the business of advising with respect to investing in, buying or selling securities without being registered to do so, contrary to section 25 of the Act; and

(h) Gauthier, as an officer and/or director, has authorized, permitted or acquiesced in the breaches by Gentree, RIII and CanPro, of sections 19, 25, 53, and 126.2(1) of the Act, along with the breaches of NI 31-103, and is deemed to have not complied with Ontario securities laws, pursuant to section 129.2 of the Act,

PART V – TERMS OF SETTLEMENT

28. The Respondents agree to the terms of settlement listed below and to the Order attached hereto, made by the Commission pursuant to section 127(1) and section 127.1 of the Act:

(a) the Settlement Agreement is approved;

(b) the Respondents will be reprimanded, pursuant to paragraph 6 of section 127(1) of the Act;

(c) the registrations granted to Gauthier and Gentree under Ontario securities law are terminated, pursuant to paragraph 1 of section 127(1) of the Act;

(d) trading in any securities by or of Gentree, RIII and CanPro shall cease permanently, pursuant to paragraph 2 of section 127(1) of the Act;

(e) acquisition of any securities by Gentree, RIII and CanPro is prohibited permanently, pursuant to paragraph 2.1 of section 127(1) of the Act;

(f) any exemptions contained in Ontario securities law do not apply to Gentree, RIII and CanPro permanently, pursuant to paragraph 3 of section 127(1) of the Act;

(g) trading in any securities by Gauthier, including as the term "security" is defined in subsections 1(1) and 76(6) of the Act, whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the Settlement Agreement, pursuant to paragraph 2 of section 127(1) of the Act;

(h) acquisition of any securities by Gauthier, including as the term "security" is defined in subsections 1(1) and 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement, pursuant to paragraph 2.1 of section 127(1) of the Act;

(i) any exemptions contained in Ontario securities law do not apply to Gauthier for a period of 10 years from the date of the order approving the Settlement Agreement, pursuant to paragraph 3 of section 127(1) of the Act;

(j) Gauthier shall immediately resign all positions that he holds as a director or officer of any reporting issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of section 127(1) of the Act;

(k) Gauthier shall immediately resign any position he holds as a director or officer of Gentree, and any other issuers (except as set out in subparagraph 28(n) below) pursuant to paragraph 7 of section 127(1) of the Act;

(l) Gauthier shall be permanently prohibited from becoming or acting as a director or officer of any registrant or investment fund manager, pursuant to paragraphs 8.2 and 8.4 of section 127(1) of the Act;

(m) Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a director or officer of any reporting issuer, pursuant to paragraph 8 of section 127(1) of the Act;

(n) Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement, pursuant to paragraphs 8 of subsection 127(1), from becoming or acting as a director or officer of any issuer, with the exception that Gauthier is permitted to act or continue to act as a director and officer of any company through which he carries on business, so long as there are no more than 10 holders of the securities of the corporation, including him, his spouse, and/or immediate family;

(o) the Respondents shall be permanently prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to paragraph 8.5 of section 127(1) of the Act;

(p) the Respondents shall have delivered to the Commission the Undertaking, in the form attached as Schedule "B" to this Settlement Agreement, whereby the Respondents jointly and severally undertake to pay out the remaining $114,420 owed to the remaining RIII investors pursuant to the agreements entered into between the Respondents and the RIII investors, within 6 months of the approval by the Commission of this Settlement Agreement;

(q) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, the Respondents shall disgorge to the Commission the unpaid balance arising from the Undertaking, up to the amount of $114,420 obtained as a result of non-compliance with Ontario securities law. The amount of $114,420 to be disgorged to the Commission pursuant to this paragraph 28(q) shall be reduced by the same amount as any funds paid back to the RIII investors in accordance with the Undertaking and the agreements entered into between the Respondents and the said investors, provided that satisfactory supporting evidence of such payments is provided by the Respondents to Staff. This disgorgement amount is to be designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(r) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, Gauthier and Gentree, jointly and severally, shall disgorge to the Commission the amount of $1,785,950.62, obtained as a result of non-compliance with Ontario securities law, which amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act. In the event that the Respondents fail to comply with the terms of the Undertaking and this Settlement Agreement, the amounts set out in sub-paragraphs 28(q) and (r) shall be payable immediately, along with interest from the date of the Order attached as Schedule "A" at the rate of 3% per annum, or such higher amount as may be applicable at the time that such Order is filed with the courts in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43 as amended.

(s) pursuant to paragraph 9 of subsection 127(1) of the Act, Gauthier shall be ordered to pay to the Commission an administrative penalty in the amount of $15,000, payable within one year from the date of the order approving the Settlement Agreement, for his failure to comply with Ontario securities law. The administrative penalty shall be designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(t) pursuant to section 127.1 of the Act, Gauthier shall be ordered to pay to the Commission the amount of $10,000 payable within one year from the date of the order approving the Settlement Agreement, representing a portion of Staff's costs in this matter;

(u) after the payments set out in paragraphs 28 (p), (q), (r), (s) and (t) are made in full, as an exception to the provisions of paragraphs 28 (g), (h) and (i), Gauthier will be permitted to:

i. trade in or acquire, for the account of any registered retirement savings plan, registered pension plan, tax free savings accounts and self-directed retirement savings plans as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended, in which Gauthier and/or his spouse have sole legal and beneficial ownership, and such trading shall be carried out solely through a registered dealer in Canada (which dealer must be given a copy of this Order) (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer;

ii. acquire securities of a "private issuer" as defined in section 2.4 of National Instrument 45-106 for investment purposes and the purposes of operating a business for (i) his own account, (ii) the account of a corporation of which he and/or his spouse have sole legal and beneficial ownership, or (iii) the account of a trust in which his children are the sole beneficiaries, except that Gauthier shall not be permitted to acquire securities in a private issuer that holds, directly or indirectly, securities of a reporting issuer as defined in sections 1(1) and 76(5) of the Act or any other issuer with a real and substantial connection to Ontario, any securities of which are publicly traded; and

iii. exemptions are permitted for the purpose of trades described in subparagraphs 28(u)(i) and (ii) above.

(v) until the entire amount of the payments set out in subparagraphs 28 (p), (q), (r), (s), and (t), are paid in full, the prohibitions set out in subparagraphs 28 (g), (h), (i), (m) and (n) shall continue in force without any limitation as to time period.

29. Gauthier, on his own behalf and on behalf of Gentree, RIII and CanPro, hereby consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 28 (b) to (o) above, and further, hereby consents to such orders as may be necessary to permit the collection of any assets held by the Respondents and the distribution to investors. These prohibitions and orders may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI – STAFF COMMITMENT

30. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 31 below.

31. If the Commission approves this Settlement Agreement and the Respondents fail to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondents. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement. In addition, if this Settlement Agreement is approved by the Commission, and the Respondents fail to comply with the terms of the Settlement Agreement, the Commission is entitled to bring any proceedings necessary to recover the amounts set out in sub-paragraphs 28 (p), (q), (r), (s) and (t), above.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

32. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for October 8, 2013, or on another date agreed to by Staff and the Respondents, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

33. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

34. If the Commission approves this Settlement Agreement, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

35. If the Commission approves this Settlement Agreement, none of the parties will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

36. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

37. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

    (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the settlement hearing takes place will be without prejudice to Staff and the Respondents; and

    (b) Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

38. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

39. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

40. A copy of any signature will be treated as an original signature.

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
NORMAND GAUTHIER

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
GENTREE ASSET MANAGEMENT INC.
Per: **NORMAND GAUTHIER**
Authorized Signatory

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
R.E.A.L. GROUP FUND III (CANADA) LP
Per: **NORMAND GAUTHIER**
Authorized Signatory

DATED this 2nd day of October, 2013.

"LYNN GAUTHIER"
Witness

"NORMAND GAUTHIER"
CANPRO INCOME FUND I, LP
Per: **NORMAND GAUTHIER**
Authorized Signatory

DATED this 1st day of October, 2013.

"TOM ATKINSON"
TOM ATKINSON
Director, Enforcement Branch

SCHEDULE "A"

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
NORMAND GAUTHIER, GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII"), and CanPro Income Fund I, LP ("CanPro") (collectively, the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated March 27, 2012;

AND WHEREAS the Respondents entered into a Settlement Agreement with Staff of the Commission dated October X, 2013 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated March 27, 2012, subject to the approval of the Commission;

AND WHEREAS pursuant to the Settlement Agreement, the Respondents have, jointly and severally, given an undertaking to the Commission, in the form attached as Schedule "B" to the Settlement Agreement, to make payments to RIII investors pursuant to agreements entered into between the Respondents and the RIII investors, within 6 months of the approval by the Commission of the Settlement Agreement (the "Undertaking");

AND WHEREAS on XXXXX, 2013, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a Settlement Agreement entered into between Staff and the Respondents;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Gauthier, Gauthier on behalf of the other Respondents, and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

a) The Settlement Agreement is approved;

b) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondents are reprimanded;

c) pursuant to paragraph 1 of subsection 127(1) of the Act, the registrations granted to Gauthier and Gentree under Ontario securities law are terminated;

d) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by or of Gentree, RIII and CanPro shall cease permanently;

e) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gentree, RIII and CanPro is prohibited permanently;

f) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gentree, RIII and CanPro permanently;

g) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Gauthier, including as the term "security" is defined in subsections 1(1) and 76(6) of the Act, whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the Settlement Agreement;

h) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gauthier, including as the term "security" is defined in subsections 1(1) and 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement;

i) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gauthier for a period of 10 years from the date of the order approving the Settlement Agreement;

j) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Gauthier shall immediately resign all positions that he holds as a director or officer of any reporting issuer, registrant or investment fund manager;

k) pursuant to paragraph 7 of subsection 127(1) of the Act, Gauthier shall immediately resign any position he holds as a director or officer of Gentree, and any other issuers (subject to the exception as set out in subparagraph (n) of this Order, below);

l) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the Act, Gauthier is permanently prohibited from becoming or acting as a director or officer of any registrant or investment fund manager;

m) pursuant to paragraph 8 of subsection 127(1) of the Act, Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a director or officer of any reporting issuer;

n) pursuant to paragraph 8 of subsection 127(1) of the Act, Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a director or officer of any issuer, with the exception that Gauthier is permitted to act or continue to act as a director and officer of any company through which he carries on business, so long as there are no more than 10 holders of the securities of the corporation, including him, his spouse, and/or immediate family;

o) pursuant to paragraph 8.5 of subsection 127(1) of the Act, the Respondents are permanently prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

p) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, the Respondents shall disgorge to the Commission the unpaid balance arising from the Undertaking, up to the amount of $114,420 obtained as a result of non-compliance with Ontario securities law. The amount of $114,420 to be disgorged to the Commission pursuant to this paragraph (p) shall be reduced by the same amount as any funds paid back to the RIII investors in accordance with the Undertaking and the agreements entered into between the Respondents and the said investors, provided that satisfactory supporting evidence of such payments is provided by the Respondents to Staff. This disgorgement amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

q) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, Gauthier and Gentree, jointly and severally, shall disgorge to the Commission the amount of $1,785,950.62, obtained as a result of non-compliance with Ontario securities law, which amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

r) pursuant to paragraph 9 of subsection 127(1) of the Act, Gauthier shall pay to the Commission within one year of the approval by the Commission of this Settlement Agreement an administrative penalty in the amount of $15,000.00, for his failure to comply with Ontario securities law, which amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

s) pursuant to section 127.1 of the Act, Gauthier shall pay to the Commission within one year of the approval by the Commission of this Settlement Agreement the amount of $10,000.00, representing a portion of Staff's costs in this matter;

t) After the payments set out in paragraphs (p), (q), (r) and (s), are made in full, as an exception to the provisions of paragraphs (g), (h) and (i) of this Order above, Gauthier is permitted to:

i. trade in or acquire, for the account of any registered retirement savings plan, registered pension plan, tax free savings accounts and self-directed retirement savings plans as defined in the *Income Tax Act*, R.S.C. 1985, c. 1, as amended, in which Gauthier and/or his spouse have sole legal and beneficial ownership, and such trading shall be carried out solely through a registered dealer in Canada (which dealer must be given a copy of this Order) (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer;

ii. acquire securities of a “private issuer” as defined in section 2.4 of National Instrument 45-106 for investment purposes and the purposes of operating a business for (i) his own account, (ii) the account of a corporation of which he and/or his spouse have sole legal and beneficial ownership, or (iii) the account of a trust in which his children are the sole beneficiaries, except that Gauthier shall not be permitted to acquire securities in a private issuer that holds, directly or indirectly, securities of a reporting issuer as defined in sections 1(1) and 76(5) of the Act or any other issuer with a real and substantial connection to Ontario, any securities of which are publicly traded; and

iii. Exemptions are permitted for the purpose of trades described in subparagraphs (t)(i) and (ii) of this Order, above.

u) Until the entire amount of the payments set out in subparagraphs (p), (q), (r) and (s) of this Order above, are paid in full, the prohibitions set out in subparagraphs (g), (h), (i), (m) and (n) shall continue in force without any limitation as to time period.

DATED at Toronto this ___th day of _____, 2013.

SCHEDULE "B"

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
NORMAND GAUTHIER, GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION

This Undertaking is given in connection with a settlement agreement dated October , 2013 between the Respondents Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII"), and CanPro Income Fund I, LP ("CanPro") and Staff of the Commission ("Staff") (the "Settlement Agreement"), and all terms shall have the same meaning herein as therein unless otherwise defined herein.

Gauthier, personally and on behalf of each of Gentree, RIII, and CanPro, jointly and severally, hereby undertakes to the Commission, to pay out to the remaining RIII investors the remaining $114,420 owed pursuant to the agreements entered into between the Respondents and the RIII investors, within 6 months of the approval by the Commission of the Settlement Agreement.

The undersigned may each sign separate copies of this Undertaking. A copy of any signature will be treated as an original signature.

DATED this _____ day of _____, 2013.

_____
Witness

_____
NORMAND GAUTHIER

DATED this _____ day of _____, 2013.

_____
Witness

_____
GENTREE ASSET MANAGEMENT INC.
Per: **NORMAND GAUTHIER**
Authorized Signatory

DATED this _____ day of _____, 2013.

_____
Witness

_____
R.E.A.L. GROUP FUND III (CANADA) LP
Per: **NORMAND GAUTHIER**
Authorized Signatory

DATED this _____ day of _____, 2013.

_____
Witness

_____
CANPRO INCOME FUND I, LP
Per: **NORMAND GAUTHIER**

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
MountainStar Gold Inc.	30 Sept 13	11 Oct 13	11 Oct 13	
Noveko International Inc.	03 Oct 13	15 Oct 13	15 Oct 13	
TAC Gold Corp.	10 Aug 12	22 Aug 12	22 Aug 12	08 Oct 13

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Strike Minerals Inc.	19 Sept 13	01 Oct 13	01 Oct 13		

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Chapter 6

Request for Comments

6.1.1 CSA Notice and Request for Comments – Proposed Amendments to NI 51-101 Standards of Disclosure for Oil and Gas Activities and Proposed Changes to Companion Policy 51-102CP Standards of Disclosure for Oil and Gas Activities

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice and Request for Comment
Proposed Amendments to
National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*
and
Proposed Changes to Companion Policy 51-101CP
Standards of Disclosure for Oil and Gas Activities

October 17, 2013

Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for a 90 day comment period proposed amendments (the Proposed Amendments) to:

- National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101), and
- Companion Policy 51-101CP *Standards of Disclosure for Oil and Gas Activities* (51-101CP).

The text of the Proposed Amendments is contained in Annexes A and B of this notice and will also be available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

Substance and Purpose

The Proposed Amendments constitute an important evolutionary shift in NI 51-101 that will promote better disclosure of resources other than reserves and associated metrics while at the same time providing for increased flexibility for oil and gas reporting issuers that report in a variety of different locations worldwide, recover different oil and gas product types and operate under different regulatory regimes.

The Proposed Amendments are also intended to bring NI 51-101 into harmony with proposed changes to the Canadian Oil and Gas Handbook (the COGE Handbook). In particular, the changes to subsection 5.9(2) of NI 51-101 are intended to track the additional guidance provided in the amendments to the COGE Handbook on the evaluation and classification of resources other than reserves. To the extent that there are changes to the COGE Handbook prior to implementation of the Proposed Amendments that are not in keeping with the proposed subsection 5.9(2) of NI 51-101, the CSA's intent is to follow the evaluation and classification framework to be adopted in the COGE Handbook and changes will be made to NI 51-101 accordingly prior to implementation.

Background

NI 51-101 is a disclosure standard for reporting issuers engaged in oil and gas activities. Under NI 51-101 reporting issuers are required to provide annual disclosure, appoint an independent qualified reserves evaluator, facilitate communication between the board of directors and the independent qualified reserves evaluator and prepare all public disclosures of reserves and resources other than reserves in accordance with the requirements of Part V, which include the requirement that the reserves and resources other than reserves be prepared in accordance with the COGE Handbook and be evaluated or audited by a qualified reserves evaluator. Since its implementation in 2003, NI 51-101 has been amended two times, in 2007 and 2010.

The CSA has, since 2010, been evaluating potential amendments to NI 51-101 in response to its ongoing engagement with oil and gas reporting issuers, independent qualified reserves evaluators and industry. The most recent publication related to NI 51-101 was an update to CSA Staff Notice 51-327 *Guidance on Oil and Gas Disclosure* (CSA Notice 51-327) on December 29, 2011. As is stated in CSA Notice 51-327, its purpose was to provide new guidance on:

- issuer and expert responsibilities;
- the disclosure of after-tax net present value of future net revenue;
- the use of BOEs;
- disclosure of well-flow test results; and
- expanded guidance on the evaluation and classification of unconventional hydrocarbons and classification to most specific category of resource.

We are proposing the following important changes in response to our observations of reporting issuer disclosure and industry feedback, which are more fully described in the Summary of the Proposed Amendments section of this Notice:

- in certain circumstances and subject to disclosure requirements, permitting disclosure prepared under an alternative resources evaluation system;
- inclusion and refinement of product type definitions in NI 51-101;
- additional requirements regarding the disclosure of contingent and prospective resources;
- introduction of a principle-based approach to the disclosure of oil and gas metrics;
- clarification of the point at which sales of oil and gas, and resources should be disclosed;
- definition of and requirements related to the disclosure of abandonment and reclamation costs;
- deletion of the requirement to match the presentation of reserves not directly held by the reporting issuer in the statement prepared in accordance with Form 51-101F1 to the presentation of the assets in the financial statements;
- removal of the requirement to obtain independent qualified reserves evaluator consent before disclosing results from the annual evaluation outside of the required annual filings;
- revision of the date at which the independent qualified reserves evaluator takes responsibility for information related to the reserves evaluation;
- clarification of required disclosure when an issuer has no reserves.

Summary of the Proposed Amendments

1. Alternative Resources Evaluation System

Numerous issuers reporting in Canada also access the U.S. capital markets and are subject to the SEC's reserves disclosure regime. For example, SEC issuers who prepare financial statements in accordance with U.S. GAAP, as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, have a requirement under Statement 19 of the Financial Standards Accounting Board to include reserves disclosure prepared in accordance with the U.S. regime within their financial statements. Certain issuers have sought and obtained a limited form of exemptive relief that allows them to disclose

reserves prepared in accordance with U.S. requirements in addition to their reserves prepared under NI 51-101. The relief is required owing to an interpretation of sections 5.1, 5.2 and 5.3 of NI 51-101 that does not allow for any public disclosure of reserves other than estimates prepared in accordance with the COGE Handbook.

Proposed section 5.18 of NI 51-101 allows for disclosure from alternative regimes. The disclosure under the alternative regime must be accompanied by the disclosure required by NI 51-101, be made in respect of a regime which is comparable to the COGE Handbook, have a scientific basis and be based on reasonable principles. Those estimates must be prepared by a qualified reserves evaluator.

2. Product Types and Production Group

CSA staff has seen an increase of disclosure of reserves and resources other than reserves which have traditionally been called "unconventional" but with the passage of time and increased usage are not considered to be unconventional any more. Unconventional resources can have different costs associated with their recovery, despite technically being the same product. For example, shale gas and natural gas from a conventional reservoir are both technically natural gas, however, each has different production profiles, risks and costs associated with recovery. In addition, shifting government policies and new recovery methods have given rise to uncertainty with the current definitions of product types, for instance the definition of heavy crude oil and lack of a definition for shale gas.

The Proposed Amendments import the product type definitions from the COGE Handbook and refine those definitions for securities disclosure purposes. The concept of production group is removed. The inclusion of the definitions and removal of the production group concept give greater emphasis to both the source and process for recovery of the oil and gas, and move away from grouping unconventional resources.

3. Contingent and Prospective Resources

Increasingly, companies are relying on disclosure of resources other than reserves to convey value and development potential to investors. There has been an increase of contingent and prospective resource disclosure generally and, in particular, within reporting issuers' annual oil and gas statement of reserves data prepared in accordance with Form 51-101F1. There is currently no obligation to provide discounted future net revenue projections along with the estimates of volume or to have those estimates prepared and certified by an independent qualified reserves evaluator when contingent resources or prospective resources are included in the statement prepared in accordance with Form 51-101F1.

The Proposed Amendments provide clearer boundaries for the disclosure of contingent and prospective resources in the annual filings, including requiring the disclosure of future net revenue projections comparable to those provided for reserves data and requiring that those resources other than reserves estimates be prepared by an independent qualified reserves evaluator.

4. Oil and Gas Metrics

CSA staff has observed the ongoing use of measures of volume, performance and equivalency that without further explanation or additional context have the potential to be misleading, and even with explanation, tend to give a false sense of comparability. The current requirements in NI 51-101 relating to specific metrics, such as finding and development costs, have not resulted in either comparability or clearer understanding of the metric.

Proposed section 5.14 of NI 51-101 imposes principle-based requirements to describe the standard, methodology and meaning of a publicly disclosed oil and gas metric. If there is no standard, a reporting issuer must also describe the parameters used in calculating the oil and gas metric and provide a cautionary statement.

5. Marketability of Production and Reserves

Reporting issuers are obligated by NI 51-101 to disclose production and reserves based on the price that was or would be used at the point at which the product type could be sold. However, in certain scenarios it may not be appropriate, or even possible, to allocate a price at a point of sale. In respect of resources or sales of oil, gas or associated byproducts, the volume may be measured at the point of sale to a third party (first point of sale), or of transfer to another division of the issuer (alternate reference point) for treatment prior to sale to a third party. For gas, this may occur either before or after the removal of natural gas liquids. For bitumen, this may be before the addition of diluent.

The Proposed Amendments clarify the concept of marketability in the reporting of oil and gas volumes. Proposed section 5.4 of NI 51-101 requires a reporting issuer to report volumes and values at the first point of sale of the particular product type, unless that point is not relevant, in which case, the reporting issuer can select a point of measurement prior to the first point of sale.

6. Abandonment and Reclamation Costs

CSA staff has observed, and has received commentary from industry about, the inconsistency in the determination of what constitutes an abandonment and reclamation cost for the purpose of the annual oil and gas disclosure.

The Proposed Amendments clarify what constitutes abandonment and reclamation costs and require the disclosure of both abandonment costs and reclamation costs in the future net revenue disclosure and in the significant factors and uncertainties disclosure in the statement prepared in accordance with Form 51-101F1.

7. Reserves Presentation

The introduction of IFRS 11 highlights the need for changes to the requirements in respect of the presentation of reserves data in the statement prepared in accordance with Form 51-101F1.

The Proposed Amendments point to the COGE Handbook for the purpose of determining ownership and allow for flexibility in the manner of presenting resources for which a reporting issuer does not have control.

8. Other Amendments

The Proposed Amendments also clarify areas that have given rise to confusion, such as

- the requirement to obtain consent of the independent qualified reserves evaluator as it relates to the report prepared in accordance with Item 2 of section 2.1,
- the date on which the independent qualified reserves evaluator is responsible for changes in the reporting issuer's reserves data, and
- the disclosure required when an issuer has no reserves.

Impact on Investors

We anticipate that the Proposed Amendments will encourage better disclosure of reserves and resources other than reserves. In particular, investors should benefit from:

- the more complete disclosure of contingent and prospective resources, including future net revenue, contemplated in the Proposed Amendments;
- the requirement to engage an independent qualified reserves evaluator when contingent or prospective resources are disclosed as a part of the annual statement of reserves data; and
- the disclosure obligations in proposed section 5.14 of NI 51-101 for oil and gas metrics.

We do not anticipate that allowing for the supplementary disclosure of reserves under an alternative disclosure regime will prejudice investors, as an estimate prepared in accordance with the COGE Handbook must be provided along with explanatory information.

The removal of the requirement to provide additional disclosure on abandonment and reclamation costs in the annual statement of reserves data is offset by the inclusion of a definition, a specific requirement to provide an estimate and a specific instruction to discuss the impact of both abandonment costs and reclamation costs.

Anticipated Costs and Benefits of the Proposed Amendments

The Proposed Amendments, including incorporation of the COGE Handbook definitions will enhance the quality and consistency of reporting issuers' disclosure of oil and gas activities and will provide greater transparency of the methods used to value and measure oil and gas assets. As we discuss below, these changes could result in increased compliance costs.

The Proposed Amendments require an independent evaluation and additional disclosure when a reporting issuer discloses contingent or prospective resources in its annual oil and gas filings. Although this will impose additional expert costs on a reporting issuer choosing to make this disclosure, the independent evaluation and additional disclosure requirements will increase the reliability and completeness of the reporting issuer's disclosure.

The Proposed Amendments address issues with the comparability of oil and gas metrics. We have seen that methods used in measures such as finding and development costs, despite the guidance in NI 51-101, are subject to significant variability among

oil and gas reporting issuers. This has led to incomparability. The additional obligations under the Proposed Amendments to disclose the standards, methodology, and meaning of a publicly disclosed oil and gas metric may result in additional disclosure preparation time and cost for reporting issuers but will benefit investors because the reporting issuer will disclose additional information related to the comparability of the oil and gas metric.

We anticipate that the proposed requirements related to the first and alternate point of sale will promote market efficiency by removing the uncertainty some reporting issuers experienced around the pricing of their resources. We do not anticipate that this will impose additional burden on reporting issuers.

The Proposed Amendments permit supplementary disclosure of reserves prepared in accordance with alternative reserves disclosure regimes. We anticipate that this will promote market efficiency by expressly permitting the disclosure of resources prepared under an alternative system. We have minimized the impact of this change on Canadian investors by requiring that this disclosure may only be made supplementary to the publicly disclosed resources prepared in accordance with NI 51-101 and the COGE Handbook.

Request for Comments

We welcome your comments on proposed NI 51-101 and 51-101CP. In addition to any general comments you may have, we also invite comments on the following specific questions.

1. The Proposed Amendments would permit an issuer to disclose reserves prepared in accordance with, for example, the SEC regime supplementary to reserves disclosed under NI 51-101. Do you support the proposal to permit the supplementary disclosure of reserves prepared under a regime comparable to the COGE Handbook, as is set out in proposed section 5.18 of NI 51-101? Please explain your views.

2. The Proposed Amendments eliminate the requirement to disclose a reporting issuer's reserves data by production group. Do you support the removal of the requirement to disclose reserves data by production group? Please explain your views.

3. A reporting issuer that includes contingent resources and prospective resources is not currently required to have those estimates prepared by an independent qualified reserves evaluator. Do you support the requirement in proposed section 2.1.2 of NI 51-101 for an independent qualified reserves evaluator to evaluate or audit any contingent resources or prospective resources included in the annual statement of reserves data? Please explain your views.

4. Do you support the requirement in proposed item 2.1.4 of Form 51-101F1 to provide low, best and high estimates of volume and net present value of future net revenue in respect of any contingent resources or prospective resources included in the annual statement of reserves data? Please explain your views.

5. When a reporting issuer discloses an oil and gas metric, the Proposed Amendments would require the reporting issuer to disclose the standard, methodology and meaning of the disclosed metric, and if there was no recognized standard, the parameters used in calculating the oil and gas metric and a cautionary statement. Do you support the proposed amendment to section 5.14 of NI 51-101 to shift to a disclosure-based approach to oil and gas metrics such as BOEs, finding and development costs, netbacks, etc.? Please explain your views.

Please submit your comments in writing on or before January 17, 2014. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA.

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We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Contents of Annexes

Annex A sets out the proposed amendments to NI 51-101

Annex B sets out the proposed changes to 51-101CP

Questions

Please refer your questions to any of the following:

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ANNEX A

Proposed Amendments to
National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*

1. National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities is amended by this Instrument.

2. Section 1.1 is amended by adding the following definitions:

(a.01) "*abandonment costs*" means all costs associated with

(i) rendering all intervals of a well incapable of flow into the wellbore or between intervals;

(ii) removing all wellhead equipment; and

(iii) the physical removal of surface facilities, and the decommissioning of any facilities, in the vicinity of the well, required for the transport, treatment and metering of a *product type*;

(a.02) "*alternate reference point*" means a location at which quantities and values of a *product type* are measured before the *first point of sale*;

(a.3) "*bitumen*" means the naturally occurring viscous mixture, consisting mainly of pentanes and heavier *hydrocarbons,* with a viscosity greater than 10,000 mPa·s (cP) measured at the mixture's original temperature in the *reservoir* and at atmospheric pressure on a gas-free basis;

(b.1) "*byproduct*" means a *hydrocarbon* or non-*hydrocarbon* that is recovered as a consequence of producing a *product type*;

(e.1) "*coal bed methane*" means *natural gas*, primarily made up of methane, contained in coal deposits;

(f.1) "*contingent resources data*" means an estimate of *contingent resources* and related *future net revenue,* estimated using *forecast prices and costs*;

(f.2) "*conventional natural gas*" means *natural gas* contained in and produced from pore space in an *accumulation* for which the primary trapping mechanism is related to hydrodynamic forces and localized or depositional geological features;

(i.1) "*first point of sale*" means the first point after initial production at which there is a transfer of ownership of a *product type*;

(n.2) "*Form 51-101F5*" means Form 51-101F5 *Notice of Ceasing to Engage in Oil and Gas Activities*;

(n.3) *"future net revenue"* means a forecast of revenue, estimated using *forecast prices and costs* or *constant prices and costs*, arising from the anticipated development and production of *resources* net of the associated royalties, *operating costs*, *development costs*, *abandonment costs* and *reclamation costs*;

(n.4) "*gas hydrates*" means naturally occurring crystalline substances composed of water and gas, in an ice lattice structure;

(n.5) "*heavy crude oil*" means *crude oil* with a density greater than 10 degrees API gravity and less than or equal to 22.3 degrees API gravity;

(n.6) "*hydrocarbon*" means a compound consisting of hydrogen and carbon, which, when naturally occurring, may also contain other elements such as sulphur;

(o.1) "*light crude oil*" means *crude oil* with a density greater than 31.1 degrees API gravity;

(p.1) "*medium crude oil*" means *crude oil* with a density that is greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity;

(q.1) "*natural gas*" means a naturally occurring mixture of *hydrocarbon* gases and non-*hydrocarbon* gases;

(q.2) "*natural gas liquids*" means those *hydrocarbon* components that can be recovered from *natural gas* as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and may contain non-*hydrocarbons*;

(s.1) "*oil and gas metric*" means a numerical measure of a *reporting issuer*'s *oil and gas activities*;

(w.1) "*prospective resources data*" means an estimate of *prospective resources* and related *future net revenue*, estimated using forecast prices and costs;

(z.01) "*reclamation costs*" means all costs, other than *abandonment costs*, associated with restoring land as close as possible to its original state or to a standard prescribed or imposed by a government or regulatory authority;

(aa.1) "*shale gas*" means *natural gas*

(i) contained in dense organic-rich rocks, including inherently low permeability shales, siltstones and carbonates in which the *natural gas* is primarily adsorped on the kerogen or clay minerals; and

(ii) that requires the use of fracturing techniques to achieve economic production rates;

(cc) "*synthetic gas*" means a gaseous fluid

(i) generated as a result of the application of an *in-situ* transformation process to coal or other *hydrocarbon*-bearing rock types; and

(ii) comprised of not less than 10% by volume of methane; and

(dd) "*synthetic crude oil*" means a mixture of liquid *hydrocarbons* derived by upgrading *bitumen*, kerogen from *oil* shales, coal or from *gas* to liquid conversion and may contain sulphur or other non-*hydrocarbon* compounds.

3. Section 1.1(s) is replaced with the following:

(s) "oil and gas activities"

includes

(i) the search for *product types* in their natural locations;

(ii) the acquisition of *property* rights or *properties* for the purpose of exploring for or removing *product types* from their natural locations;

(iii) the activities necessary to remove *product types* from their natural locations, including construction, drilling, mining and *production*, and the acquisition, construction, installation and maintenance of *field* gathering and storage systems including treating, *field* processing and *field* storage; and

(iv) the production of *synthetic crude oil* or *synthetic gas*;

but does not include any of the following:

(v) activities that occur after the *first point of sale*;

(vi) activities relating to the extraction of natural *resources* other than *product types* and their *byproducts*;

(vii) the extraction of *hydrocarbons* as a *consequence of the* extraction of geothermal steam;

4. Section 1.1(u) is repealed.

5. Section 1.1(v) is replaced with the following:

"*product type*" means any of the following:

(i) in respect of liquid *hydrocarbons*, any of the following:

(A) a combination of *light crude oil* and *medium crude oil*;

(B) *heavy crude oil*;

(C) *bitumen;*

(D) *natural gas liquids*;

(E) *synthetic crude oil*;

(ii) in respect of gaseous *hydrocarbons*, any of the following:

(A) *conventional natural gas*;

(B) *coal bed methane*;

(C) *gas hydrates*;

(D) *shale gas*;

(E) *synthetic gas*;

6. Paragraph (b) of item 2 of section 2.1 is replaced with the following:

(b) executed by one or more *qualified reserves evaluators* or *auditors* each of whom is *independent* of the *reporting issuer*, and who must have,

(i) in the aggregate,

(A) *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

(B) *reviewed* the balance of such *future net revenue*; and

(ii) *evaluated* or audited the *contingent resources data or prospective resources data* reported in the statement filed or to be filed under item 1.

7. Subsection 2.4(1) is amended by

(a) deleting "*on reserves data****",***

(b) inserting "*on reserves data, contingent resources data or prospective resources data****" after "****without reservation****",***

(c) inserting "*, contingent resources data, or prospective resources data****" after "****on the reserves data****".***

8. Section 3.2 is replaced with the following:

3.2 *Reporting Issuer* to Appoint *Independent Qualified Reserves Evaluator or Independent Qualified Reserves Auditor*

(1) A *reporting issuer* must appoint a *qualified reserves evaluator,* or *qualified reserves auditor*, that is *independent* of the *reporting issuer*, and must have the evaluator or auditor report to the board of directors of the *reporting issuer* on the *reserves data* disclosed in the statement prepared for the purpose of item 1 of section 2.1.

(2) If a *reporting issuer* discloses *contingent resources data* or *prospective resources data* in a statement prepared for the purpose of item 1 of section 2.1, the *reporting issuer* must have the *qualified reserves evaluator* or *qualified reserves auditor* appointed under subsection (1) report to the board of directors of the *reporting issuer* on the *contingent resources data* or *prospective resources data* included in the statement.

9. Sections 3.4 and 4.2 are amended by adding "*, contingent resources data or prospective resources data****" after each instance of "****reserves data****".***

10. Section 5.2 is amended by renumbering it as subsection 5.2(1) and by adding the following subsection:

(2) Disclosure referred to under subsection (1) must indicate whether the estimates of *reserves* or *future net revenue* were prepared by an *independent qualified reserves evaluator* or *qualified reserves auditor*.

11. Section 5.4 is replaced with the following:

5.4 *Oil* and *Gas Resources* and Sales

(1) Disclosure of *resources* or of sales of *product types* or associated *byproducts* must be made with respect to the *first point of sale*.

(2) Despite subsection (1), a *reporting issuer* may disclose *resources* or sales of *product types* or associated byproducts with respect to an *alternate reference point* if, to a reasonable person, the *resources*, *product types* or associated *byproducts* would be marketable at the *alternate reference point*.

(3) If a *reporting issuer* discloses *resources* or sales of *product types* or associated *byproducts* with respect to an *alternate reference point*, the *reporting issuer* must

(a) state that the disclosure is made with respect to an *alternate reference point*,

(b) disclose the location of the *alternate reference point*, and

(c) explain why disclosure is not being made with respect to the *first point of sale*.

12. Sections 5.5 and 5.7 are repealed.

13. Section 5.9 is amended by

(a) inserting the following subparagraph in paragraph (2)(d):

(iii.1) a description of the project including

(A) each significant event in the project and the specific time period in which each event is expected to occur;

(B) the recovery technology; and

(C) whether the project is a conceptual or pre-development study;***, and***

(b) replacing "(2)(c)(iii)***" with "***(2)(d)(iii), (iii.1)***" in subsection (3),***

(c) inserting the following subsection:

(4) Any disclosure made under subsection (1) or (2) must indicate whether the *anticipated results* from *resources* which are not currently classified as *reserves* or the estimate of a quantity of *resources* other than *reserves* were prepared by an independent *qualified reserves evaluator or auditor*.

14. Sections 5.11, 5.12 and 5.13 are repealed.

15. Section 5.14 is replaced with the following:

5.14 Disclosure Using *Oil and Gas Metrics*

(1) If a *reporting issuer* discloses an *oil and gas metric,* other than an estimate of volume or value of *resources* prepared in accordance with section 5.2, 5.9 or 5.18 or a comparative or equivalency measure under Part 2, 3, 4, 5 or 6 of *Form 51-101F1*, the *reporting issuer* must include disclosure that

(a) identifies the standard and source of the *oil and gas metric*;

(b) provides a brief description of the method used to determine the *oil and gas metric*;

(c) provides an explanation of the meaning of the *oil and gas metric*; and

(d) cautions readers as to the reliability of the *oil and gas metric*.

(2) If there is no identifiable standard for an *oil and gas metric*, the *reporting issuer* must also include disclosure that

(a) provides a brief description of the parameters used in the calculation of the *oil and gas metric*, and

(b) states that the *oil and gas metric* does not have any standardized meaning and should not be used to make comparisons.

16. Section 5.15 is repealed.

17. Paragraph 5.16(3)(b) is amended by replacing "*5.9(2)(c)(v)(A)****" with "****5.9(2)(d)(v)(A)****" and by replacing "****5.9(2)(c)(v)(B)****" with "****5.9(2)(d)(v)(B)****".***

18. Part 5 is amended by inserting the following section:

5.18 Supplementary Disclosure of *Resources* Using Evaluation Standards other than the *COGE Handbook*

(1) A *reporting issuer* may supplement disclosure provided in accordance with section 5.2, 5.3 or 5.9 with an estimate of the volume or the value of *resources* prepared in accordance with an alternative *resources* evaluation standard that

(a) has a comprehensive framework for the evaluation of *resources*;

(b) defines *resources* using terminology and categories in a manner that is consistent with the terminology and categories of the *COGE Handbook*;

(c) has a scientific basis; and

(d) requires that estimates of volume and value of *resources* be based on reasonable assumptions.

(2) If disclosure is made under subsection (1) and that disclosure is required under the laws of or by a *foreign jurisdiction*, the *reporting issuer* must, proximate to the disclosure,

(a) disclose the effective date of the estimate;

(b) describe any significant differences, and the reasons those differences exist, between the estimate prepared in accordance with the alternative *resources* evaluation standard and the estimate prepared in accordance with the *COGE Handbook*; and

(c) include a reference to the location on the SEDAR website of the estimate prepared

(i) in accordance with section 5.2, 5.3 or 5.9, as applicable; and

(ii) at the same effective date as the alternative disclosure.

(3) If disclosure is made under subsection (1) and the disclosure is not required by a *foreign jurisdiction*, the *reporting issuer* must, proximate to the disclosure,

(a) disclose the effective date of the estimate;

(b) provide a description of the alternative *resources* evaluation standard;

(c) describe any significant differences, and the reasons those differences exist, between the estimate prepared in accordance with the alternative *resources* evaluation standard and the estimate prepared in accordance with the *COGE Handbook*; and

(d) disclose the estimate prepared

(i) in accordance with section 5.2, 5.3 or 5.9, as applicable; and

(ii) at the same effective date as the disclosure provided under subsection (1).

(4) An estimate under subsection (1) must have been prepared or audited by a *qualified reserves evaluator or auditor*.

19. Part 6 is amended by

(a) adding "*AND CEASING TO ENGAGE IN *OIL AND GAS ACTIVITIES" after "*MATERIAL CHANGE DISCLOSURE*" in the heading,

(b) replacing "*Part*" with "*section*" in section 6.1, and

(c) inserting the following section:

6.2 Ceasing to Engage in *Oil and Gas Activities* - A *reporting issuer* must file with the *securities regulatory authority* a notice prepared in accordance with *Form 51-101F5* not later than 10 days after ceasing to be engaged, directly or indirectly, in *oil and gas activities*.

20. General Instruction (2) of Form 51-101F1 is amended by replacing "*its financial year then ended****" with "****the financial year then ended****".***

21. Instruction (4) of Item 1.1 of Form 51-101F1 is amended by inserting "*statement****" after "****should ensure its financial****".***

22. Subparagraph 3(b)(v) of Item 2.1 of Form 51-101F1 is amended by inserting "*costs****" after "****abandonment****".***

23. Subsection 3(c) of Item 2.1 of Form 51-101F1 is replaced with the following:

(c) Disclose, by *product type*, in each case with associated *byproducts*, and on a unit value basis for each *product type*, in each case with associated *byproducts* (e.g., $/Mcf or $/bbl using *net reserves*), 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.

24. Item 2.1 of Form 51-101F1 is amended by inserting the following:

4. Contingent Resources or Prospective Resources – If the *reporting issuer* discloses *contingent resources* or *prospective resources* in the statement filed or to be filed under item 1 of section 2.1 of NI 51-101, disclose, separately from the disclosure required by items 1, 2 and 3 of section 2.1 of this Form,

(a) the *contingent resources* or *prospective resources*, as applicable, *gross* and *net*, estimated using *forecast prices and costs*, for each *product type*, in each of the following categories:

(i) *contingent resources* (1C);

(ii) *contingent resources* (2C);

(iii) *contingent resources* (3C);

(iv) *prospective resources* (low estimate);

(v) *prospective resources* (best estimate);

(vi) *prospective resources* (high estimate), and

(b) the net present value of *future net revenue* attributable to each category of *resources* referred to in paragraph (a) of this Item, estimated using *forecast prices and costs*, before deducting *future income tax expenses*, calculated using discount rates of 0 percent, 5 percent, 10 percent, 15 percent and 20 percent.

INSTRUCTIONS

*(1) Disclose all of the **reserves** over which the **reporting issuer** has a direct or indirect ownership, working or royalty interest. These concepts are explained in sections 5.5.4(a) "Ownership Considerations" and 7.5 "Interests" of Volume 1 of the **COGE Handbook**, section 5.2 "Ownership Considerations" of Volume 2 of the **COGE Handbook** and, with respect to an entitlement to share*

production under a production sharing agreement, section 4.0 "Fiscal Regimes" of the chapter entitled "Reserves Recognition For International Properties" of Volume 3 of the ***COGE Handbook****.*

(2) Do not include, in the ***reserves data****,* ***contingent resources data*** *or* ***prospective resources data****, a* ***product type*** *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* ***product type*** *is situated or otherwise serves as producer of the* ***resources*** *(in contrast to being an independent purchaser, broker, dealer or importer), disclose separately the* ***reporting issuer's*** *interest in the* ***resources*** *that are subject to such agreements at the* ***effective date*** *and the* ***net*** *quantity of the* ***product type*** *received by the* ***reporting issuer*** *under the agreement during the year ended on the* ***effective date****.*

(3) ***Future net revenue*** *includes the portion attributable to the* ***reporting issuer's*** *interest under an agreement referred to in Instruction (2).*

(4) A ***reporting issuer*** *may disclose* ***resources*** *separately from the disclosure required under item 2.1 of this Form. The separate disclosure must include an explanation of the purpose for the separation and of whether the separately disclosed* ***resources*** *were also included in the disclosure required under item 2.1 of this Form.*

(5) If the ***reporting issuer's*** *disclosure of* ***resources*** *would, to a reasonable person, be misleading, if stated without an explanation of the* ***reporting issuer's*** *ownership of or control over those* ***resources****, explain the nature of the* ***reporting issuer's*** *ownership of or control over* ***resources*** *disclosed in the statement filed or to be filed under item 1 of section 2.1 of* ***NI 51-101****.*

(6) If a ***reporting issuer*** *voluntarily discloses* ***contingent resources*** *or* ***prospective resources*** *and the 1C or low estimate, as applicable, has a negative net present value at any of the discount rates referred to in paragraph (4)(b), the* ***reporting issuer*** *must disclose the negative net present value.*

GUIDANCE

A ***reporting issuer*** *is subject to section 5.9 of* ***NI 51-101*** *when providing disclosure of* ***contingent resources*** *or* ***prospective resources*** *in this Form****.***

25. Items 2.3 and 2.4 of Form 51-101F1 are repealed.

26. Item 3.2 of Form 51-101F1 is amended by

(a) adding "*, contingent resources data* or *prospective resources data****" after each instance of "****reserves data****", and***

(b) repealing Instruction (3).

27. Subsections 2(b) and (c) of Item 4.1 of Form 51-101F1 are replaced with the following:

(b) for each of the following:

(i) a combination of *light crude oil* and *medium crude oil*;

(ii) *heavy crude oil*;

(iii) *bitumen*;

(iv) *natural gas liquids*;

(v) *synthetic crude oil*;

(vi) *conventional natural gas*;

(vii) *coal bed methane*;

(viii) *gas hydrates*;

(ix) *shale gas*;

(x) *synthetic gas*;

(c) separately identifying and explaining each of the following:

(i) extensions and improved recovery;

(ii) technical revisions;

(iii) discoveries;

(iv) acquisitions;

(v) dispositions;

(vi) economic factors;

(vii) *production*.

28. Instruction (2) of Part 4 of Form 51-101F1 is amended by replacing "by-products***" with "****byproducts***".***

29. Item 5.1 of Form 51-101F1 is amended by

(a) deleting each instance of "and, in the aggregate, before that time***",***

(b) replacing each instance of "not planning to develop***" with "***deferring the development of***", and***

(c) inserting the following instructions:

INSTRUCTIONS

*(1) The phrase "first attributed" refers to the initial allocation of an undeveloped volume of **oil** or **gas reserves** by a **reporting issuer**. Only previously unassigned undeveloped volumes of **oil** or **gas** may be included in the first attributed volumes for the applicable financial year. For example, if in 2011 a **reporting issuer** allocated by way of acquisition, discovery, extension and improved recovery 300 **Mcf** of proved undeveloped **conventional natural gas reserves**, that would be the first attributed volume for 2011.*

*(2) The discussion of a **reporting issuer's** plans for developing **undeveloped reserves**, or the **reporting issuer's** reasons for deferring the development of **undeveloped reserves**, must enable a reasonable investor to assess the efforts made by the **reporting issuer** to convert **undeveloped reserves** to **developed reserves.***

30. Item 5.2 of Form 51-101F1 is replaced with the following:

Item 5.2 Significant Factors or Uncertainties Affecting *Reserves Data*

Identify and discuss significant economic factors or significant uncertainties that affect particular components of the *reserves data.*

INSTRUCTIONS

*(1) A reporting issuer must, under this Item, include a discussion of any significant **abandonment costs** and **reclamation costs**, unusually high expected **development costs** or **operating costs**, 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.*

*(2) If the information required by this Item is presented in the **reporting issuer's** financial statements and notes thereto for the most recent financial year ended, the **reporting issuer** satisfies this Item by directing the reader to that presentation.*

31. Item 6.2.1 of Form 51-101F1 is replaced with the following:

Item 6.2.1 Significant Factors or Uncertainties Relevant to *Properties* with No Attributed *Reserves*

Identify and discuss significant economic factors or significant uncertainties that affect the anticipated development or production activities on *properties* with no attributed *reserves.*

INSTRUCTIONS

*(1) A reporting issuer must, under this Item, include a discussion of any significant **abandonment costs** and **reclamation costs**, unusually high expected **development costs** or **operating costs**, 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.*

*(2) If the information required by this Item is presented in the **reporting issuer's** financial statements and notes thereto for the most recent financial year ended, the **reporting issuer** satisfies this Item by directing the reader to that presentation.*

32. Item 6.4 of Form 51-101F1 is repealed.

33. Item 6.6 of Form 51-101F1 is replaced with the following:

Item 6.6 Costs Incurred

Disclose by country for the most recent financial year each of the following:

(a) *property acquisition costs*, separately for *proved properties* and *unproved properties*;

(b) *exploration costs;*

(c) *development costs.*

INSTRUCTION

*If the costs specified in paragraphs (a), (b) and (c) are presented in the **reporting issuer's** financial statements and the notes to those statements for the most recent financial year ended, the **reporting issuer** satisfies this Item by directing the reader to that presentation.*

34. Item 6.9 of Form 51-101F1 is amended by replacing "**To the extent not previously disclosed in financial statements by the reporting issuer, disclose**" with "**Disclose,**".

35. Form 51-101F2 is replaced with the following:

FORM 51-101F2

REPORT ON [RESERVES DATA][,] [CONTINGENT RESOURCES DATA] [AND] [PROSPECTIVE RESOURCES 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.

2. The report on reserves data, contingent resources data or prospective resources data, if applicable, 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, must in all material respects be in the following form:

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][,] [contingent resources data] [and] [prospective resources data] as at [last day of the reporting issuer's most recently completed financial year]. **[If the Company has reserves, include the following sentence]** The reserves data are estimates of proved reserves and probable reserves and related *future net revenue* as at [last day of the reporting issuer's most recently completed financial year], estimated using forecast prices and costs. **[If the Company has disclosed contingent resources data or prospective resources data, include the following sentence]** The [contingent resources data] [and] [prospective resources data] are estimates of [contingent resources] [and] [prospective resources] and related *future net revenue* as at [last day of the reporting issuer's most recently completed financial year], estimated using forecast prices and costs.

2. The [reserves data][,] [contingent resources data] [and] [prospective resources data] are the responsibility of the Company's management. Our responsibility is to express an opinion on the [reserves data][,] [contingent resources data] [and] [prospective resources 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][,] [contingent resources data] [and] [prospective resources data] are free of material misstatement. An [audit] [evaluation] [and review] also includes assessing whether the [reserves data][,] [contingent resources data] [and] [prospective resources data] are in accordance with principles and definitions presented in the COGE Handbook.

4. **[If the Company has reserves, include this paragraph]** The following table shows 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] for the year ended [last day of the reporting issuer's most recently completed financial year], and identifies the respective portions thereof that we have [audited] [evaluated] [and reviewed] and reported on to the Company's [management/board of directors]:

Independent Qualified Reserves Evaluator or Auditor	Effective 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			$xxx	$xxx	$xxx	$xxx[1]

[1] This amount must 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) attributed 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 2.1 of Form 51-101F1).

4.1 **[If the Company has disclosed contingent resources data or prospective resources data, include this paragraph]** The following table sets forth the estimated *future net revenue* (before deduction of income taxes) attributed to [contingent resources] [and] [prospective resources], estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the Company's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the [contingent resources data] [and] [prospective

resources data] that we have [audited] [evaluated] and reported on to the Company's [management/board of directors]:

Classification	Independent Qualified Reserves Evaluator or Auditor	Effective Date of [Audit/ Evaluation] Report	Location of Resources Other than Reserves (Country or Foreign Geographic Area	Estimated volume of Contingent/ Prospective Resources	Net Present Value of *Future Net Revenue* (before income taxes, 10% discount rate)		
					Audited	Evaluated	Total
Contingent Resources (2C)	Evaluator	xxx xx, 20xx	xxxx	xxx	$xxx	$xxx	$xxx
Prospective Resources (Best Estimate)	Evaluator	xxx xx, 20xx	xxxx	xxx	$xxx	$xxx	$xxx

5. In our opinion, the [reserves data][,] [contingent resources data] [and] [prospective resources data] respectively [audited] [evaluated] by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the [reserves data][,] [contingent resources data] [and] [prospective resources data] that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph[s] [4] [and] [4.1] for events and circumstances occurring after the effective date of our reports.

7. Because the [reserves data][,] [contingent resources data] [and] [prospective resources 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]

36. Form 51-101F3 is replaced with the following:

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").

1. Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.

2. The report referred to in item 3 of section 2.1 of NI 51-101 must in all material respects be in the following form:

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 and may include, if disclosed in the statement required by item 1 of section 2.1 of *NI 51-101*, contingent resources data or prospective resources data.

[Alternative A: Reserves Data to Report or Contingent Resources Data or Prospective Resources Data Reported]

[An] independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] [has / have] [audited] [evaluated] [and reviewed] the Company's [reserves data][,] [contingent resources data] [and] [prospective resources 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, in the event of a 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][,] [contingent resources data] [and] [prospective resources 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 Form 51-101F1 containing [reserves data][,] [contingent resources data] [and] [prospective resources data] and other oil and gas information;

(b) the filing of Form 51-101F2 which is 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.

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

[Alternative B: No Reserves to Report and No Resources Other than Reserves Reported]

The [Reserves Committee of the] board of directors of the Company has reviewed the oil and gas activities of the Company and has determined that the Company had no reserves as of [last day of the reporting issuer's most recently completed financial year].

An independent qualified reserves evaluator or qualified reserves auditor has not been retained to evaluate the Company's reserves data. No report of an independent qualified reserves evaluator or qualified reserves auditor will be filed with securities regulatory authorities with respect to the financial year ended on [last day of the reporting issuer's most recently completed financial year]**.**

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 Form 51-101F1 containing information detailing the Company's oil and gas activities; and

(b) the content and filing of this report.

_____

[signature, name and title of chief executive officer]

_____

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

[signature, name of a director]

[signature, name of a director]

[Date]

37. The Instrument is amended by adding the following form after Form 51-101F4:

FORM 51-101F5

NOTICE OF
CEASING TO ENGAGE IN OIL AND GAS ACTIVITIES

This is the form referred to in section 6.2 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.

2. The notice referred to in section 6.2 of NI 51-101 must in all material respects be in the following form:

Notice of
Ceasing to Engage in Oil and Gas Activities

Management and the board of directors of [name of reporting issuer] (the "Company") have determined that as of [date] the Company is no longer engaged, directly or indirectly, in oil and gas activities.

[signature, name and title of chief executive officer]

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

[signature, name of a director]

[signature, name of a director]

[Date]

38. All footnotes and references to footnotes are repealed.

39. This Instrument comes into force on ●.

ANNEX B

This Annex shows, by way of blackline, changes to Companion Policy 51-101CP To National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* that are being published for comment. It is proposed that the changes become effective to coincide with the implementation of the amended and restated National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

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 (*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.

NI 51-101[1] supplements other continuous disclosure requirements of *securities legislation* that apply to *reporting issuers* in all business sectors.

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 registrants[2] 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*.

PART 1 APPLICATION AND TERMINOLOGY

1.1 Definitions

(1) **General** – Several terms relating to *oil and gas activities* are defined in section 1.1 of *NI 51-101*. If a term is not defined in *NI 51-101*, *NI 14-101* or the securities statute in the *jurisdiction*, it will have the meaning or interpretation given to it in the *COGE Handbook* if it is defined or interpreted there, pursuant to section 1.2 of *NI 51-101*.

For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* (the NI 51-101 Glossary) sets out the meaning of terms, including those defined in *NI 51-101* and several terms which are derived from the *COGE Handbook*.

The terms set out in the NI 51-101 Glossary are printed in italics in *NI 51-101*, *Form 51-101F1*, *Form 51-101F2*, *Form 51-101F3*, *Form 51-101F4*, *Form 51-101F5* or in this Companion Policy for the convenience of readers.

(2) ***Forecast Prices and Costs*** – The term *forecast prices and costs* is defined in ~~paragraph~~**section** 1.1~~(j)~~ of *NI 51-101* and 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[3], *forecast prices and costs* are future prices and costs "generally accepted as being a reasonable outlook of 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* or by other reputable sources appropriate to the evaluation.

(3) ***Independent –*** The term *independent* is defined in ~~paragraph~~**section** 1.1~~(o)~~ of *NI 51-101*. Applying this definition, the following are examples of circumstances in which the CSA would consider that a *qualified reserves evaluator or auditor* (or other expert) is not *independent*. We consider a *qualified reserves evaluator or auditor* is not *independent* when the *qualified reserves evaluator or auditor*:

(a) is an employee, insider, or director of the *reporting issuer*;

(b) is an employee, insider, or director of a related party of the *reporting issuer*;

(c) is a partner of any person or company in paragraph (a) or (b);

~~[1] For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* 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 that are printed entirely in italics).~~

~~[2] "Registrant" has the meaning ascribed to the term under *securities legislation* in the *jurisdiction*.~~

~~[3] Refer to the discussion of financial instruments in subsection 2.7(5) below.~~

(d) holds or expects to hold securities, either directly or indirectly, of the *reporting issuer* or a related party of the *reporting issuer*;

(e) holds or expects to hold securities, either directly or indirectly, in another *reporting issuer* that has a direct or indirect interest in the property that is the subject of the technical report or an adjacent property;

(f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property that is the subject of the technical report or an adjacent property; or

(g) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the *reporting issuer* or a related party of the *reporting issuer*.

For the purpose of paragraph (d) above, "related party of the *reporting issuer*" means an affiliate, associate, subsidiary, or control person of the *reporting issuer* as those terms are defined under *securities legislation*.

There may be instances in which it would be reasonable to consider that the independence of a *qualified reserves evaluator or auditor* would not be compromised even though the *qualified reserves evaluator or auditor* holds an interest in the *reporting issuer's* securities. The *reporting issuer* needs to determine whether a reasonable person would consider that such interest would interfere with the *qualified reserves evaluator's or auditor*'s judgement regarding the preparation of the technical report.

There may be circumstances in which the *securities regulatory authorities* question the objectivity of the *qualified reserves evaluator or auditor*. In order to ensure the requirement for independence of the *qualified reserves evaluator or auditor* has been preserved, the *reporting issuer* may be asked to provide further information, additional disclosure or the opinion of another *qualified reserves evaluator or auditor* to address concerns about possible bias or partiality on the part of the *qualified reserves evaluator or auditor*.

(4) ~~***Product Types* Arising From *Oil* Sands and Other Non-Conventional Activities** – The definition of *product type* in paragraph 1.1(v) includes products arising from non-conventional *oil and gas activities*. *NI 51-101* therefore 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*, the extraction of methane from coal beds and the extraction of shale gas, shale oil and hydrates. Although *NI 51-101* and *Form 51-101F1* make few specific references to non-conventional *oil and gas activities*, the requirements of *NI 51-101* for the preparation and disclosure of *reserves data* and for the disclosure of *resources* other than *reserves* apply to *oil* and *gas reserves* and *resources* other than *reserves* relating to *oil* sands, shale, coal or other non-conventional sources of hydrocarbons.~~ ***Additional Disclosure –*** The *CSA* encourage *reporting issuers* that are engaged in ~~non-conventional~~ *oil and gas activities* **that may require additional explanation** 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*.

For example, *shale gas* projects and plays may not strictly adhere to the formal lithological-based definition of "shale". The produced *gas* can come from intervals that contain clay, carbonates, siltstone and minor amounts of very fine grained sandstone laminations. Despite coming from intervals that may not meet the technical definition of "shale", *gas* to which extensive fracturing techniques have been applied when intermingled with *gas* that comes from "shale" may be reported as being *shale gas*. In this scenario, a *reporting issuer* must ensure that its disclosure is not misleading and will have to consider whether additional explanation is required to provide the necessary context.

(5) ***Professional Organization***

(a) **Recognized *Professional Organizations***

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 ~~paragraph~~**section** 1.1~~(w)~~ of *NI 51-101* and in the NI 51-101 Glossary) 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*.

(a.1) Canadian Professional Organizations

As at October 12, ~~2010,~~**2011,** each of the following organizations in Canada is a *professional organization*:

- Association of Professional Engineers~~, Geologists~~ and ~~Geophysicists~~**Geoscientists** of Alberta (~~APEGGA~~**APEGA**)
- 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)

(b) **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 list of foreign *professional organization*s is updated periodically in *CSA* Staff Notice 51-309 *Acceptance of Certain Foreign Professional Boards as a "Professional Organization"*. As at October 12, ~~2010,~~**2011,** each of the following foreign organizations has been recognized as a *professional organization* for the purposes of *NI 51-101*:

- California Board for Professional Engineers and Land Surveyors,
- State of Colorado Board of Registration for Professional Engineers and Professional Land Surveyors
- Louisiana State Board of Registration for Professional Engineers and Land Surveyors,

- Oklahoma State Board of Registration for Professional Engineers and Land Surveyors
- Texas Board of Professional Engineers
- American Association of Petroleum Geologists (AAPG) but only in respect of Certified Petroleum Geologists who are members of the AAPG's Division of Professional Affairs
- American Institute of Professional Geologists (AIPG), in respect of the AIPG's Certified Professional Geologists
- Energy Institute but only for those members of the Energy Institute who are Members and Fellows
- **Society of Petroleum Evaluation Engineers (SPEE), but only in respect of Members, Honorary Life Members and Life Members**

(c) **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.

(d) **Renewal Applications Unnecessary**

A successful applicant would likely have to make an application contemplated in this subsection 1.1(5) only once, and not renew it annually.

(6) ***Qualified Reserves Evaluator or Auditor*** – The definitions of *qualified reserves evaluator* and *qualified reserves auditor* are set out in ~~paragraphs~~**section** 1.1~~(y) and 1.1(x)~~ of *NI 51-~~101~~, ~~respectively,~~**101*** and again in the NI 51-101 Glossary.

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.

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 volume 1 of the *COGE Handbook* – "Qualifications of Evaluators and Auditors, Enforcement and Discipline".

1.2 *COGE Handbook*

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

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

Subparagraph 5.2**(1)**(a)(iii) of *NI 51-101* requires that all estimates of *reserves* or *future net revenue* have been prepared or audited in accordance with the *COGE Handbook*. Under sections 5.2, 5.3 and 5.9 of *NI 51-101*, all types of public *oil* and *gas* disclosure, including disclosure of *reserves* and of *resources* other than *reserves* must be prepared in accordance with the *COGE Handbook*.

1.3 Applies to *Reporting Issuers* Only

NI 51-101 applies to *reporting issuers* engaged in *oil and gas activities*. The definition of *oil and gas activities* is broad. For example, a *reporting issuer* with no *reserves*, but a few *prospects*, unproved *properties* or *resources*, could still be engaged in *oil and gas activities* because such activities include exploration and development of unproved *properties*.

NI 51-101 will also apply to an issuer that is not yet a *reporting issuer* if it files a prospectus or other disclosure document that incorporates prospectus requirements. Pursuant to the long-form prospectus requirements, the issuer must disclose the information contained in *Form 51-101F1*, as well as the reports set out in *Form 51-101F2* and *Form 51-101F3*.

1.4 *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 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*. An item that is immaterial alone may be material in the context of other information, or may be necessary to give context to other information. For example, a large number of small interests in *oil* and *gas properties* may be material in aggregate to a *reporting issuer*. Alternatively, a small interest in an *oil* and *gas property* may be material to a *reporting issuer*, depending on the size of the *reporting issuer* and its particular circumstances.

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. The information required to be filed under item 1 of section 2.1 of *NI 51-101* is usually derived from a much longer and more detailed *oil* and *gas* report prepared by a *qualified reserves evaluator.* These long and detailed reports cannot be filed electronically on SEDAR. The filing of an *oil* and *gas* report, or a summary of an *oil* and *gas* report, does not satisfy the requirements of the annual filing under *NI 51-101*.

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 1.4 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*. Appendix 1 to this Companion Policy provides an example of how certain of the *reserves data* might be presented. While the format presented in Appendix 1 in respect of *reserves data* is not mandatory, we encourage issuers to use this format.

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.

A *reporting issuer* may supplement the annual disclosure required under *NI 51-101* with additional information corresponding to that prescribed in *Form 51-101F1, Form 51-101F2* and *Form 51-101F3*, but as at dates, or for periods, subsequent to those for which annual disclosure is required. However, to avoid confusion, such supplementary disclosure should be clearly identified as being interim disclosure and distinguished from the annual disclosure (for example, if appropriate, by reference to a particular interim period). Supplementary interim disclosure does not satisfy the annual disclosure requirements of section 2.1 of *NI 51-101*.

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*.

(1) **Meaning of "*Annual Information Form*" –** *Annual information form* has the same meaning as "AIF" in National Instrument 51-102 *Continuous Disclosure Obligations*. Therefore, as set out in that definition, an *annual information form* can be a completed Form 51-102F2 *Annual Information Form* or, in the case of an *SEC* issuer (as defined in NI 51-102), a completed Form 51-102F2 or an annual report or transition report under the *1934 Act* on Form 10-K, Form 10-KSB or Form 20-F.

(2) **Option to Set Out Information in *Annual Information Form* –** Form 51-102F2 *Annual Information Form* requires the information required by section 2.1 of *NI 51-101* to be included in the *annual information form*. That information may be included either by setting out the text of the information in the *annual information form* 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. However, a *reporting issuer* that elects to follow this approach must file, at the same time and on *SEDAR*, in the appropriate *SEDAR* category, a notice in accordance with *Form 51-101F4* (see subsection 2.3(2) of *NI 51-101)*. This notification 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 *Reporting Issuer* With No *Reserves* and Ceasing to Engage in *Oil and Gas Activities*

The requirement to make annual *NI 51-101* filings is not limited to only those issuers that have *reserves* and related *future net revenue*. A *reporting issuer* with no *reserves* but with *prospects*, unproved *properties* or *resources* may be engaged in *oil and gas activities* (see section 1.3 above) and therefore subject to *NI 51-101*. That means the issuer must still make annual *NI 51-101* filings and ensure that it complies with other *NI 51-101* requirements. The following is guidance on the preparation of *Form 51-101F1*, *Form 51-101F2*, *Form 51-101F3* and other *oil* and *gas* disclosure if the *reporting issuer* has no *reserves*.

(1) ***Form 51-101F1 –*** Section 1.4 of *NI 51-101* states that the *Instrument* applies only in respect of information that is material in respect of a *reporting issuer*. If indeed the *reporting issuer* has no *reserves,* we would consider that fact alone material. The *reporting issuer's* disclosure, under Part 2 of *Form 51-101F1*, should make clear that it has no *reserves* and hence ~~no~~**is not reporting** related *future net revenue*.

Supporting information regarding *reserves data* required under Part 2 (e.g., price estimates) that are not material to the issuer may be omitted. However, if the issuer had disclosed *reserves* and related *future net revenue* in the previous year, and has no *reserves* as at the end of its current financial year, the *reporting issuer* is still required to present a reconcilation to the prior-year's estimates of *reserves*, as required by Part 4 of *Form 51-101F1*.

The *reporting issuer* is also required to disclose information required under Part 6 of *Form 51-101F1*. Those requirements apply irrespective of the quantum of *reserves*, if any. This would include information about *properties* (items 6.1 and 6.2), costs (item 6.6), and exploration and development activities (item 6.7). The disclosure should make clear that the issuer had no *production*, as that fact would be material.

(2) ***Form 51-101F2 –*** *NI 51-101* requires *reporting issuers* to retain an *independent qualified reserves evaluator or auditor* to evaluate or audit the company's *reserves data***, *contingent resources data* or *prospective resources data*, if included in the statement required under item 1 of section 2.1 of *NI 51-101*,** and report to the board of directors. If the *reporting issuer* had no *reserves* during the year and ~~hence~~ did not **disclose *resources* other than *reserves* in the statement required under item 1 of section 2.1 of NI 51-101, it would not need to** retain an evaluator or auditor~~, then it would not need to retain one~~ just to file a (nil) report of the *independent* evaluators on the *reserves data* in the form of *Form 51-101F2* and the *reporting issuer* would therefore not be required to file a *Form 51-101F2*. If, however, the issuer did retain an evaluator or auditor to evaluate *reserves*, and the evaluator or auditor concluded that they could not be so categorized, or reclassified those *reserves* to *resources*, the issuer would have to file a report of the *qualified reserves evaluator* because the evaluator has, in fact, evaluated the *reserves* and expressed an opinion.

(3) ***Form 51-101F3 –*** Irrespective of whether the *reporting issuer* has *reserves* **to report**, the requirement to file a report of management and directors in the form of *Form 51-101F3* applies.

(4) ***Form 51-101F5* – Section 6.2 of *NI 51-101* requires *reporting issuers* that cease to be engaged in *oil and gas activities* to file a notice in the form of *Form 51-101F5*.**

(5) Other *NI 51-101* Requirements – *NI 51-101* does not require *reporting issuers* to disclose *anticipated results* from ~~their~~**, or estimates of a quantity or an estimated value attributable to an estimated quantity of, their *contingent resources* or *prospective*** *resources*. However, if a *reporting issuer* chooses to disclose that type of information, section ~~5.9 of *NI 51-101*~~**5.9, 5.16 and 5.17 of *NI 51-101* applies to that disclosure. If disclosed in the statement required under item 1 of section 2.1 of *NI 51-101*, item 2.1.4 of *Form 51-101F1* also** applies to that disclosure.

2.6 *Reservation* 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. The *CSA* recommend that *qualified reserves evaluators or auditors* follow the procedures and guidance set out in both sections 4 and 12 of volume 1 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.

2.7 Disclosure in *Form 51-101F1*

(1) **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*.

~~*Form 51-101F1* requires that certain *reserves data* be provided on both a "*gross*" and "*net*" basis, the latter being adjusted for both royalty entitlements and royalty obligations. However, if a royalty is granted by a trust's~~

~~subsidiary to the trust, this would not affect the computation of "*net reserves*". The typical *oil* and *gas* income trust structure involves the grant of a royalty by an operating subsidiary of the trust to the trust itself, the royalty being the source of the distributions to trust investors. In this case, the royalty is wholly within the combined or consolidated trust entity (the trust and its operating subsidiary). This is not the type of external entitlement or obligation for which adjustment is made in determining, for example, "*net reserves*". Viewing the trust and its consolidated entities together, the relevant *reserves* and other *oil* and *gas* information is that of the operating subsidiary without deduction of the internal royalty to the trust.~~

(2) **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.

(3) **Computation of *Future Net Revenue***

(a) Tax

Reporting issuers **are required to disclose estimates of after-tax net present value of proved and probable reserves in the statement prepared in accordance with *Form 51-101F1*. *Reporting issuers* may, but are not required to, disclose volumes and estimates of after-tax net present value of other resources in the statement prepared in accordance with *Form 51-101F1*. In a separate disclosure document, a *reporting issuer* may also disclose its reserves or other information of a type that is specified in the *Form 51-101F1* in the aggregate or for a portion of its activities subject to the requirements of subparagraph 5.2(a)(iii) and paragraph 5.2(c) of *NI 51-101*.**

Estimates of after-tax net present value are dependant on a number of factors including, but not limited to, one or more of the following:

- **forecast future expenditure required to achieve forecast production;**
- **interaction with, or deductibility of, government royalties or other proportionate sharing rights;**

~~*Form 51-101F1* requires *future net revenue* to be estimated and disclosed both before and after deduction of income taxes. However, a *reporting issuer* may not be subject to income taxes because of its royalty or income trust structure. In this instance, the issuer should use the tax rate that most appropriately reflects the income tax it reasonably expects to pay on the *future net revenue*. If the issuer is not subject to income tax because of its royalty trust structure, then the most appropriate income tax rate would be zero. In this case, the issuer could present the estimates of *future net revenue* in only one column and explain, in a note to the table, why the estimates of before-tax and after-tax *future net revenue* are the same.~~**inclusion of existing tax pool balances of the *reporting issuer* (inclusion is prescribed for *reporting issuer*-aggregate estimates according to section 7 Volume 1 of *COGE Handbook*);**

- **tax pool write-off rates;**
- **sequence in which tax pools are utilized;**
- **applicability of special tax incentives; and**
- **forecast production revenue and expenses.**

Each of these can have a significant impact on the outcome, which could mislead investors if not considered in the evaluation or if the *reporting issuer's* disclosure does not provide sufficient accompanying information to enable a reader to make an informed decision.

If a *reporting issuer* discloses after-tax net present value, it should generally include, as appropriate, one or more of the following:

- **a general explanation of the method and assumptions used in the *reporting issuer's* calculation, worded to reflect its specific circumstance and the approach taken. This need not be detailed, but major aspects should be addressed, such as whether tax pools have been included in the evaluation;**

- **an explanatory statement to the following effect:**

  The after-tax net present value of [the business entity]'s oil and gas properties here reflects the tax burden on the properties on a stand-alone basis. It does not consider the business-entity-level tax situation, or tax planning. It does not provide an estimate of the value at the business entity, which may be significantly different. The financial statements and the management's discussion & analysis (MD&A) of the [business entity] should be consulted for information at the level of the business entity.

~~Also, tax~~**Tax** pools should be taken into account when computing *future net revenue* after income taxes. The definition of "future income tax expense" is set out in the NI 51-101 Glossary. Essentially, *future income tax expenses* represent estimated cash income taxes payable on the *reporting issuer's* future pre-tax cash flows. These cash income taxes payable should be computed by applying the appropriate year-end statutory tax rates, taking into account future tax rates already legislated, to future pre-tax *net* cash flows reduced by appropriate deductions of estimated unclaimed costs and losses carried forward for tax purposes and relating to *oil and gas activities* (i.e., tax pools). Such tax pools may include Canadian *oil* and *gas property* expense (COGPE), Canadian development expense (CDE), Canadian exploration expense (CEE), undepreciated capital cost (UCC) and unused prior year's tax losses. (Issuers should be aware of limitations on the use of certain tax pools resulting from acquisitions of *properties* in situations where provisions of the Income Tax Act concerning successor corporations apply.)

(b) Other Fiscal Regimes

Other fiscal regimes, such as those involving *production* sharing contracts, should be adequately explained with appropriate allocations made to various classes of proved *reserves* and to *probable reserves*.

(4) **Supplementary Disclosure of *Future Net Revenue* Using Constant Prices and Costs** – *Form 51-101F1* gives *reporting issuers* the option of disclosing *future net revenue*, together with associated estimates of *reserves* or *resources* other than *reserves*, determined using constant prices and costs. Constant prices and costs are assumed not to change throughout the life of a *property*, except to the extent of certain fixed or presently determinable future prices or costs to which the *reporting issuer* is legally bound by a contractual or other obligation to supply a physical product (including those for an extension period of a contract that is likely to be extended).

(5) **repealed.**

(6) ***Reserves* Reconciliation**

(a) If the *reporting issuer* reports *reserves*, but had no *reserves* **to report** at the start of the reconciliation period, a reconciliation of *reserves* must be carried out if any *reserves* added during the previous year are material. Such a reconciliation will have an opening balance of zero.

(b) The reserves reconciliation is prepared on a *gross reserves*, not *net reserves*, basis. For some *reporting issuers* with significant royalty interests, such as royalty trusts, the *net reserves* may exceed the *gross reserves*. In order to provide adequate disclosure given the distinctive nature of its business, the *reporting issuer* may also disclose its *reserves* reconciliation on a *net reserves* basis. The issuer is not precluded from providing this additional information with its disclosure prescribed in *Form 51-101F1* provided that the *net reserves* basis for the reconciliation is clearly identified in the additional disclosure to avoid confusion.

(c) Clause 2(c)(ii) of item 4.1 of *Form 51-101F1* requires reconciliations of *reserves* to separately identify and explain technical revisions. Technical revisions show changes in existing *reserves* estimates, in respect of carried-forward *properties*, over the period of the reconciliation (i.e., between estimates as at the *effective date* and the prior year's estimate) and are the result of new technical information, not the result of capital expenditure. With respect to making technical revisions, the following should be noted:

- ☐ Infill Drilling: It would not be acceptable to include infill drilling results as a technical revision. *Reserves* additions derived from infill drilling during the year are not attributable to revisions to the previous year's *reserves* estimates. Infill drilling *reserves* must either be included in the "extensions and improved recovery" category or in an additional stand-alone category in the reserves reconciliation ~~labelled~~**labelled** "infill drilling".

- ☐ Acquisitions: If an acquisition is made during the year, (i.e., in the period between the *effective date* and the prior year's estimate), the *reserves* estimate to be used in the reconciliation is the estimate of *reserves* at the *effective date*, not at the acquisition date, plus any *production* since the acquisition date. This *production* must be included as *production* in the reconciliation. If there has been a change in the *reserves* estimate between the acquisition date and the *effective date* other than that due to *production*, the issuer may wish to explain this as part of the reconciliation in a footnote to the reconciliation table.

(7) **Significant Factors or Uncertainties** – Item 5.2 of *Form 51-101F1* requires an issuer to identify and discuss important economic factors or significant uncertainties that affect particular components of the *reserves data*.

Important economic factors or significant uncertainties may include *abandonment costs* and *reclamation costs*, unusually high expected *development costs* or *operating costs*, 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.

For example, if events subsequent to the *effective date* have resulted in significant changes in expected future prices, such that the forecast prices reflected in the *reserves data* differ materially from those that would be considered to be a reasonable outlook on the future around the date of the company's "statement of *reserves data* and other information", then the issuer's statement might include, pursuant to item 5.2, a discussion of that change and its effect on the disclosed *future net revenue* estimates. It may be misleading to omit this information.

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

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

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.

(9) **Sample *Reserves Data* Disclosure** – Appendix 1 to this Companion Policy sets out an example of how certain of the *reserves data*, ***contingent resources data*** **and** ***prospective resources data*** might be presented in a manner which the *CSA* consider to be consistent with *NI 51-101* and *Form 51-101F1*. The CSA encourages *reporting issuers* to use the format presented in Appendix 1.

The sample presentation in Appendix 1 also illustrates how certain additional information not mandated under *Form 51-101F1* might be incorporated in an annual filing.

2.8 *Form 51-101F2*

(1) **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*.

In the rare case, if any, in which there are compelling reasons for making such disclosure (e.g., a prohibition on disclosure to external parties), 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.

(2) **Variations in Estimates** – The report prescribed by *Form 51-101F2* contains statements to the effect that variations between *reserves data* and actual results may be material but *reserves* have been determined in accordance with the *COGE Handbook*, consistently applied.

Reserves estimates are made at a point in time, being the *effective date*. A reconciliation of a *reserves* estimate to actual results is likely to show variations and the variations may be material. This variation may arise from factors such as exploration discoveries, acquisitions, divestments and economic factors that were not considered in the initial *reserves* estimate. Variations that occur with respect to *properties* that were included in both the *reserves* estimate and the actual results may be due to technical or economic factors. Any variations arising due to technical factors must be consistent with the fact that *reserves* are categorized according to the probability of their recovery. For example, the requirement that reported *proved reserves* "must have at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated *proved reserves*" (section 5 of volume 1 of the *COGE Handbook*) implies that as more technical data becomes available, a positive, or upward, revision is significantly more likely than a negative, or downward, revision. Similarly, it should be equally likely that revisions to an estimate of *proved* plus *probable reserves* will be positive or negative.

Reporting issuers must assess the magnitude of such variation according to their own circumstances. A *reporting issuer* with a limited number of *properties* is more likely to be affected by a change in one of these *properties* than a *reporting issuer* with a greater number of *properties*. Consequently, *reporting issuers* with few *properties* are more likely to show larger variations, both positive and negative, than those with many *properties*.

Variations may result from factors that cannot be reasonably anticipated, such as the fall in the price of *bitumen* at the end of 2004 that resulted in significant negative revisions in *proved reserves*, or the unanticipated activities of a foreign government. If such variations occur, the reasons will usually be obvious. However, the assignment of a *proved reserve*, for instance, should reflect a degree of confidence in all of the relevant factors, at the *effective date*, such that the likelihood of a negative revision is low, especially for a *reporting issuer* with many properties. Examples of some of the factors that could have been reasonably anticipated, that have led to negative revisions of *proved* or of *proved* plus *probable reserves* are:

- Over-optimistic activity plans, for instance, booking reserves for *proved* or *probable undeveloped reserves* that have no reasonable likelihood of being drilled.
- *Reserves* estimates that are based on a forecast of *production* that is inconsistent with historic performance, without solid technical justification.
- Assignment of drainage areas that are larger than can be reasonably expected.
- The use of inappropriate analogs.

(3) ***Effective date* of *Evaluation* –** A *qualified reserves evaluator or auditor* cannot prepare an *evaluation* using information that relates to events that occurred after the *effective date*, being the financial year-end. Information that relates to events that occurred after the year-end should not be incorporated into the forecasts. For example, information about drilling results from wells drilled in January or February, or changes in *production* that occurred after year-end date of December 31, should not be used. Even though this more recent information is available, the evaluator or auditor should not go back and change the forecast information. The forecast is to be based on the evaluator's or auditor's perception of the future as of December 31, the *effective date* of the report.

Similarly, the evaluator or auditor should not use price forecasts for a date subsequent to the year-end date of, in this example, December 31. The evaluator or auditor should use the prices that he or she forecasted on or around December 31. The evaluator or auditor should also use the December forecasts for exchange rates and inflation. Revisions to price, exchange rate or inflation rate forecasts after December 31 would have resulted from events that occurred after December 31.

2.9 Chief Executive Officer

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

2.10 *Reporting Issuer* Not a Corporation

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

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 Consistency in Dates

Section 4.2 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 and 12 of volume 1 of the *COGE Handbook* set out procedures and guidance for the conduct of *reserves evaluations* and *reserves audits*, respectively. Section 12 deals with the relationship between a *reserves* auditor and the client's financial auditor. Section 4, 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 and 12 of volume 1 of the *COGE Handbook*, whether conducting a *reserves evaluation* or a *reserves* audit.

PART 5 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

5.1 Application of Part 5

(1) General – 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. For example, if material distributed at a company presentation refers to *BOEs*, the material should ~~include, near the reference to *BOEs*, the cautionary statement required by paragraph 5.14(d)~~**be prepared in accordance with section 5.14** of *NI 51-101*.

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.

(2) Supplementary Resources Disclosure – All public disclosure of *reserves* or *resources* other than *reserves* made by a *reporting issuer* must be made in accordance with Part 5 of *NI 51-101*. This means that *reserves* and *resources* other than *reserves* disclosed publicly by a *reporting issuer* must be evaluated in accordance with the *COGE Handbook*. However, supplementary to this disclosure, a *reporting issuer* may provide disclosure of *reserves* or *resources* other than *reserves* in accordance with an alternative *resources* evaluation standard under section 5.18 of *NI 51-101*. Alternative resource evaluation standards that the CSA considers acceptable include the SEC's oil and gas disclosure framework and the Petroleum Resource Management System prepared by the Society of Petroleum Engineers.

The *CSA* believes that a *qualified reserves evaluator* preparing an estimate under an alternative *resources* evaluation standard and the *COGE Handbook* should be experienced in the evaluation practices of both evaluation standards. A *qualified reserves evaluator* should be aware that when an estimate is prepared using an alternative *resources* evaluation standard, the *qualified reserves evaluator* is taking on a professional responsibility that reflects on their individual professionalism and the integrity of their profession.

5.2 Disclosure of *Reserves* and Other Information

(1) **General –** A *reporting issuer* must comply with the requirements of section 5.2 in its disclosure, to the public, of *reserves* estimates and other information of a type specified in *Form 51-101F1*. This would include, for example, disclosure of such information in a news release.

(2) ***Reserves* –** *NI 51-101* does not prescribe any particular methods of estimation but it does require that a *reserve* estimate be prepared in accordance with the *COGE Handbook*. For example, section 5 of volume 1 of

the *COGE Handbook* specifies that, in respect of an issuer's reported proved *reserves*, 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*.

Additional guidance on particular topics is provided below.

(3) ***Possible Reserves –*** A *possible reserves* estimate – either alone or as part of a sum – is often a relatively large number that, by definition, has a low probability of actually being produced. For this reason, the cautionary language prescribed in subparagraph 5.2**(1)**(a)(v) of *NI 51-101* must accompany the written disclosure of a *possible reserves* estimate.

(4) **Probabilistic and Deterministic *Evaluation* Methods –** Section 5 of volume 1 of the *COGE Handbook* states that "In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods".

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

When probabilistic methods are used in conjunction with good engineering and geological practice, they will provide more statistical information than the conventional deterministic method. The following are a few critical criteria that an evaluator must satisfy when applying probabilistic methods:

- The evaluator must still estimate the *reserves* applying the definitions and using the guidelines set out in the *COGE Handbook*.
- Entity level probabilistic *reserves* estimates should be aggregated arithmetically to provide reported level *reserves*.
- If the evaluator also prepares aggregate *reserves* estimates using probabilistic methods, the evaluator should explain in the *evaluation* report the method used. In particular, the evaluator should specify what confidence levels were used at the entity, *property*, and reported (i.e., total) levels for each of *proved*, *proved* + *probable* and *proved* + *probable* + *possible* (if reported) *reserves*.
- If the *reporting issuer* discloses the aggregate *reserves* that the evaluator prepared using probabilistic methods, the issuer should provide a brief explanation, near its disclosure, about the *reserves* definitions used for estimating the *reserves*, about the method that the evaluator used, and the underlying confidence levels that the evaluator applied.

(5) **Availability of Funding –** In assigning *reserves* to an undeveloped *property*, the *reporting issuer* is not required to have the funding available to develop the *reserves*, since they may be developed by means other than the expenditure of the *reporting issuer's* funds (for example by a farm-out or sale). *Reserves* must be estimated assuming that development of the *properties* will occur without regard to the likely availability of funding required for that *property*. The *reporting issuer's* evaluator is not required to consider whether the *reporting issuer* will have the capital necessary to develop the *reserves*. (See section 7 of *COGE Handbook* and subparagraph 5.2**(1)**(a)(iv) of *NI 51-101*.)

However, item 5.3 of *Form 51-101F1* requires a *reporting issuer* to discuss its expectations as to the sources and costs of funding for estimated future *development costs*. If the issuer expects that the costs of funding would make development of a *property* unlikely, then even if *reserves* were assigned, it must also discuss that expectation and its plans for the *property*.

Disclosure of an estimate of *reserves*, *contingent resources* or *prospective resources* in respect of which timely availability of funding for development is not assured may be misleading if that disclosure is not accompanied, proximate to it, by a discussion (or a cross-reference to such a discussion in other disclosure filed by the *reporting issuer* on *SEDAR*) of funding uncertainties and their anticipated effect on the timing or completion of such development (or on any particular stage of multi-stage development such as often observed in oilsands developments).

(6) ***Proved* or *Probable Undeveloped Reserves –*** *Proved* or *probable undeveloped reserves* must be reported in the year in which they are recognized. If the *reporting issuer* does not disclose the *proved* or *probable undeveloped reserves* just because it has not yet spent the capital to develop these *reserves*, it may be omitting *material* information, thereby causing the *reserves* disclosure to be misleading. If the *proved* or

probable undeveloped reserves are not disclosed to the public, then those who have a special relationship with the issuer and know about the existence of these *reserves* would not be permitted to purchase or sell the securities of the issuer until that information has been disclosed. If the issuer has a prospectus, the prospectus might not contain full, true and plain disclosure of all *material* facts if it does not contain information about these *proved* or *probable undeveloped reserves*.

(7) **Mechanical Updates** – So-called "mechanical updates" of *reserves* reports are sometimes created, often by rerunning previous *evaluations* with a new price deck. This is problematic since there may have been material changes other than price that may lead to the report being misleading. If a *reporting issuer* discloses the results of the mechanical update it should ensure that all relevant material changes are also disclosed to ensure that the information is not misleading.

5.3 Classification of *Reserves* and of *Resources* Other than *Reserves*

Section 5.3 of *NI 51-101* requires that any disclosure of *reserves* or of *resources* other than *reserves* must apply the applicable categories and terminology set out in the *COGE Handbook*. The definitions of various *resource* categories, derived from the *COGE Handbook*, are provided in the NI 51-101 Glossary. In addition, section 5.3 of *NI 51-101* requires that disclosure of *reserves* or of *resources* other than *reserves* must relate to the most specific category of *reserves* or of *resources* other than *reserves* in which the *reserves* or *resources* other than *reserves* can be classified. For instance, there are several subcategories of *discovered resources* including *reserves*, *contingent resources* and *discovered unrecoverable resources*.

Reserves can be characterized as *proved*, *probable* or *possible reserves*, according to the probability that such quantities will actually be produced. As described in the *COGE Handbook*, *proved*, *probable* and *possible reserves* represent conservative, realistic and optimistic estimates of *reserves*, respectively. Therefore, any disclosure of *reserves* must indicate whether they are *proved*, *probable* or *possible reserves*.

Reporting issuers that disclose *resources* other than *reserves* must identify those

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

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

5.4 Written ~~Consents~~Consent

Section 4.4 of Volume 1 of the *COGE Handbook* recommends the preparation of an engagement letter that specifies a "project description confirming the scope and objective of the [evaluation] project". An evaluation report is typically prepared for a particular purpose. CSA staff recommend that *reporting issuers* seek the consent of the evaluator prior to disclosing information from a report for a purpose other than which the report was prepared, or for selective disclosure from any report. A requirement for the evaluator's consent to disclose part or all of an evaluation is often part of this engagement letter.

~~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 *Form 51-101F1*, or making direct or indirect reference to the conclusions of that report in the filed *Form 51-101F1* and *Form 51-101F3*). 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.~~

An evaluator who consents to disclosure of information from a report should be aware of the potential for civil liability and should be aware of the purpose for which the report will be used.

5.5 Disclosure of *Resources* Other than *Reserves*

(1) **Disclosure of *Resources* Generally –** The disclosure of *resources*, excluding *proved* and *probable reserves*, is not mandatory under *NI 51-101*, except that a *reporting issuer* must make disclosure concerning its unproved *properties* and *resource* activities in its annual filings as described in Part 6 of *Form 51-101F1*. Additional disclosure beyond this is voluntary and must comply with section 5.9 of *NI 51-101* if *anticipated results* from the *resources* other than *reserves* are voluntarily disclosed.

For prospectuses, the general securities disclosure obligation of "full, true and plain" disclosure of all *material* facts would require the disclosure of *reserves* or of *resources* other than *reserves* that are *material* to the issuer, even if the disclosure is not mandated by *NI 51-101*. Any such disclosure should be based on supportable analysis.

Disclosure of *resources* other than *reserves* may involve the use of statistical measures that may be unfamiliar to a user. It is the responsibility of the evaluator and the *reporting issuer* to be familiar with these measures and for the *reporting issuer* to be able to explain them to investors. Information on statistical measures may be found in the *COGE Handbook* (section 9 of volume 1 and section 4 of volume 2) and in the extensive technical literature[41] on the subject.

(2) **Disclosure of *Anticipated Results* under Subsection 5.9(1) of *NI 51-101* –** If a *reporting issuer* voluntarily discloses *anticipated results* from *resources* that are not classified as *reserves*, it must disclose certain basic information concerning the *resources*, which is set out in subsection 5.9(1) of *NI 51-101*. Additional disclosure requirements arise if the *anticipated results* disclosed by the issuer include an estimate of a *resource* quantity or associated value, as set out below in subsection 5.5(3).

If a *reporting issuer* discloses *anticipated results* relating to numerous aggregated *properties, prospects* or *resources*, the issuer may, depending on the circumstances, satisfy the requirements of subsection 5.9(1) by providing summarized information in respect of each prescribed requirement. The *reporting issuer* must ensure that its disclosure is reasonable, meaningful and at a level appropriate to its size. For a *reporting issuer* with only few *properties*, it may be appropriate to make the disclosure for each *property*. Such disclosure may be unreasonably onerous for a *reporting issuer* with many *properties*, and it may be more appropriate to summarize the information by major areas or for major projects. However, the convenience of aggregating *properties* will not justify disclosure of *resources* in a category or subcategory less specific than would otherwise be possible, and required to be disclosed by subsection 5.3(1) of *NI 51-101*.

In respect of the requirement to disclose the risk and level of uncertainty associated with the *anticipated result* under paragraph 5.9(1)(d) of *NI 51-101*, risk and uncertainty are related concepts. Section 9 of volume 1 of the *COGE Handbook* provides the following definition of risk:

> "Risk refers to a likelihood of loss and … It is less appropriate to *reserves* evaluation because economic viability is a prerequisite for defining *reserves*."

The concept of risk may have some limited relevance in disclosure related to *reserves*, for instance, for incremental *reserves* that depend on the installation of a compressor, the likelihood that the compressor will be installed. Risk is often relevant to the disclosure of *resource* categories other than *reserves*, in particular the likelihood that an exploration well will, or will not, be successful.

Section 9 of volume 1 of the *COGE Handbook* provides the following definition of uncertainty:

> "Uncertainty is used to describe the range of possible outcomes of a *reserves* estimate."

However, the concept of uncertainty is generally applicable to any estimate, including not only *reserves*, but also to all other categories of *resource*.

In satisfying the requirement of paragraph 5.9(1)(d) of *NI 51-101,* a *reporting issuer* should ensure that their disclosure includes the risks and uncertainties that are appropriate and meaningful for their activities. This may be expressed quantitatively as probabilities or qualitatively by appropriate description. If the *reporting issuer* chooses to express the risks and level of uncertainty qualitatively, the disclosure must be meaningful and not in the nature of a general disclaimer.

If the *reporting issuer* discloses the estimated value of an *unproved property* other than a value attributable to an estimated *resource* quantity, then the issuer must disclose the basis of the calculation of the value, in accordance with paragraph 5.9(1)(e)~~.~~ **of *NI 51-101.*** This type of value is typically based on petroleum land management practices that consider activities and land prices in nearby areas. If done *independently*, it would be done by a valuator with petroleum land management expertise who would generally be a member of a

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

professional organization such as the Canadian Association of Petroleum Landmen. This is distinguishable from the determination of a value attributable to an estimated *resource* quantity, as contemplated in subsection 5.9(2)~~.~~ **of *NI 51-101.*** This latter type of value estimate must be prepared by a *qualified reserves evaluator or auditor*.

The calculation of an estimated value described in paragraph 5.9(1)(e) **of *NI 51-101*** may be based on one or more of the following factors:

- the acquisition cost of the *unproved property* to the *reporting issuer*, provided there have been no material changes in the *unproved property*, the surrounding *properties*, or the general *oil* and *gas* economic climate since acquisition;
- recent sales by others of interests in the same *unproved property*;
- terms and conditions, expressed in monetary terms, of recent farm-in agreements related to the *unproved property*;
- terms and conditions, expressed in monetary terms, of recent work commitments related to the *unproved property*;
- recent sales of similar *properties* in the same general area;
- recent exploration and discovery activity in the general area;
- the remaining term of the *unproved property*; or
- burdens (such as overriding royalties) that impact on the value of the *property*.

The *reporting issuer* must disclose the basis of the calculation of the value of the *unproved property*, which may include one or more of the above-noted factors.

The *reporting issuer* must also disclose whether the value was prepared by an *independent* party. In circumstances in which paragraph 5.9(1)(e) **of *NI 51-101*** applies and where the value is prepared by an *independent* party, 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.

(3) **Disclosure of an Estimate of Quantity or Associated Value of a *Resource* under Subsection 5.9(2) of *NI 51-101***

(a) Overview of Subsection 5.9(2) of *NI 51-101*

Pursuant to subsection 5.9(2) of *NI 51-101*, if a *reporting issuer* discloses an estimate of a *resource* quantity or an associated value, the estimate must have been prepared by a *qualified reserves evaluator or auditor*. ***Contingent resources data* and *prospective resources data* disclosed within the statement required under item 1 of section 2.1 of NI 51-101 must have been prepared by an *independent qualified reserves evaluator or auditor.***

If a *reporting issuer* ~~obtains or carries out an evaluation of *resources*~~**provides disclosure of *contingent resources data* or *prospective resources data* outside of its annual required filings under section 2.1 of *NI 51-101*** and wishes to file or disseminate a report in a format comparable to that prescribed in *Form 51-101F2*, it may do so. However, the title of such a form ~~must~~**should** not contain the term "*Form 51-101 F2*" as this form is specific to the ~~evaluation of *reserves data*. *Reporting issuers* must modify the report on *resources* to reflect that *reserves data* is not being reported.~~**report required by item 2 of section 2.1 of *NI 51-101.*** A heading such as "Report on *Resource* Estimate by *Independent Qualified Reserves Evaluator or Auditor*" may be appropriate. ~~Although such an evaluation is required to be carried out by a *qualified reserves evaluator or auditor*, there is no requirement that it be *independent*.~~ If an *independent* party does not prepare the report, *reporting issuers* should consider amending the title or content of the report to make it clear that the report has not been prepared by an *independent* party and the *resource* estimate is not an independent *resource* estimate.

~~The *COGE Handbook* recommends the use of probabilistic *evaluation* methods for making *resource* estimates, and although it does not provide detailed guidance there is a considerable amount of technical literature on the subject.~~

Pursuant to section 5.3 of *NI 51-101*, the *reporting issuer* must ensure that the estimated *resource* relates to the most specific category of *resources* in which the *resource* can be classified. As discussed above in subsection 5.5(2) of this Companion Policy, if a *reporting issuer* wishes to disclose an aggregate *resource* estimate which involves the aggregation of numerous *properties, prospects* or *resources*, it must ensure that the disclosure does not result in a contravention of the requirement in subsection 5.3(1) of *NI 51-101*.

Subsection 5.9(2) **of *NI 51-101*** requires the *reporting issuer* to disclose certain information in addition to that prescribed in subsection 5.9(1) of *NI 51-101* to assist recipients of the disclosure in understanding the nature of risks associated with the estimate. This information includes a definition of the *resource* category used for the estimate, disclosure of factors relevant to the estimate and cautionary language.

(b) Definitions of *Resource* Categories

For the purpose of complying with the requirement of defining the *resource* category, the *reporting issuer* must ensure that disclosure of the definition is consistent with the *resource* categories and terminology set out in the *COGE Handbook*, pursuant to section 5.3 of *NI 51-101*. Section 5 of volume 1 **and section 2 of volume 2** of the *COGE Handbook* and the NI 51-101 Glossary identify and define the various *resource* categories.

~~A *reporting issuer* may wish to report *reserves* or *resources* other than *reserves* as "in-place volumes".~~ By definition, *reserves* of any type, *contingent resources* and *prospective resources* are estimates of volumes that are recoverable or potentially recoverable and, as such, cannot be described as being "in-place". Terms such as "potential *reserves*", "undiscovered *reserves*", "*reserves* in place", "in-place *reserves*" or similar terms must not be used because they are incorrect and misleading. The disclosure of *reserves* or of *resources* other than *reserves* must be consistent with the terminology and categories set out in the *COGE Handbook*, pursuant to section 5.3 of *NI 51-101*.

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

(c) Application of Subsection 5.9(2) of *NI 51-101*

~~If the *reporting issuer* discloses an estimate of a *resource* quantity or associated value, the *reporting issuer* must additionally disclose the following:~~

~~(i) a definition of the *resource* category used for the estimate;~~

~~(ii) the *effective date* of the estimate;~~

~~(iii) significant positive and negative factors relevant to the estimate;~~

~~(iv) the contingencies which prevent the classification of a contingent *resource* as a *reserve*; and~~

~~(v) cautionary language as prescribed by subparagraph 5.9(2)(d)(v) of *NI 51-101*.~~

~~The *resource* estimate may be disclosed as a single quantity such as a median or mean, representing the best estimate. Frequently, however, the estimate consists of three values that reflect a range of reasonable likelihoods (the low value reflecting a conservative estimate, the middle value being the best estimate, and the high value being an optimistic estimate).~~

~~Guidance concerning defining the *resource* category is provided above in section 5.3 and paragraph 5.5(3)(b) of this Companion Policy.~~

Reporting issuers are required to disclose significant positive and negative factors relevant to the estimate pursuant to subparagraph 5.9(2)(d)(iii)~~.~~ **of *NI 51-101.*** For example, if there is no infrastructure in the region to transport the resource, this may constitute a significant negative factor relevant to the estimate. Other examples would include **_abandonment costs, reclamation costs_** a significant lease expiry or any legal, capital, political, technological, business or other factor that is highly relevant to the estimate. To the extent

that the *reporting issuer* discloses an estimate for numerous properties that are aggregated, it may disclose significant positive and negative factors relevant to the aggregate estimate, unless discussion of a particular material *resource* or *property* is warranted in order to provide adequate disclosure to investors.

The cautionary language in subparagraph 5.9(2)(d)(v) **of *NI 51-101*** includes a prescribed disclosure that there is no certainty that it will be commercially viable to produce any portion of the resources. The concept of commercial viability would incorporate the ~~meaning of the word "commercial" provided in the NI 51-101 Glossary~~ **criteria for determining commerciality provided in section 5.3 of volume 1 of the *COGE Handbook*.**

~~The general disclosure requirements of paragraph 5.9(2)(d) of *NI 51-101* may be illustrated by an example. If a *reporting issuer* discloses, for example, an estimate of a volume of its *bitumen* which is a *contingent resource* to the issuer, the disclosure would include information of the following nature:~~

> ~~The *reporting issuer* holds a [●] interest in [provide description and location of interest]. As of [●] date, it estimates that, in respect of this interest, it has [●] bbls of *bitumen*, which would be classified as a *contingent resource*. A *contingent resource* is defined as [cite current definition in the *COGE Handbook*]. There is no certainty that it will be commercially viable to produce any portion of the *resource*. The contingencies which currently prevent the classification of the *resource* as a *reserve* are [state specific capital costs required to render *production* economic, applicable regulatory considerations, pricing, specific supply costs, technological considerations, and/or other relevant factors]. A significant factor relevant to the estimate is [e.g.] an existing legal dispute concerning title to the interest.~~

~~To the extent that this information is provided in a previously filed document, and it relates to the same interest in *resources*, the issuer can omit disclosure of significant positive and negative factors relevant to the estimate and the contingencies which prevent the classification of the *resource* as a *reserve*. However, the issuer must make reference in the current disclosure to the title and date of the previously filed document.~~

5.6 *Analogous Information*

A *reporting issuer* may wish to base an estimate on, or include comparative *analogous information* for their area of interest, such as *reserves*, *resources*, and *production*, from *fields* or wells, in nearby or geologically similar areas. Particular care must be taken in using and presenting this type of information. Using only the best wells or *fields* in an area, or ignoring dry holes, for instance, may be particularly misleading. It is important to present a factual and balanced view of the information being provided.

The *reporting issuer* must comply with the disclosure requirements of section 5.10 of *NI 51-101*, when it discloses *analogous information*, as that term is broadly defined in *NI 51-101*, for an area which includes an area of the *reporting issuer's* area of interest. Pursuant to subsection 5.10(2) of *NI 51-101*, if the issuer discloses an estimate of its own *reserves* or *resources* based on an extrapolation from the *analogous information*, or if the *analogous information* itself is an estimate of its own *reserves* or *resources*, the issuer must ensure the estimate is prepared in accordance with the *COGE Handbook* and disclosed in accordance with *NI 51-101* generally. For example, in respect of a *reserves* estimate, the estimate must be classified and prepared in accordance with the *COGE Handbook* by a *qualified reserves evaluator or auditor* and must otherwise comply with the requirements of section 5.2 of *NI 51-101*.

5.7 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. Issuers should refer to Appendices B and C of volume 1 of the *COGE Handbook* for the proper reporting of units of measurement.

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

5.8 *BOEs* and *McfGEs*

Section 5.14 of *NI 51-101* sets out requirements that apply if a *reporting issuer* ~~chooses to make disclosure~~**discloses** 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~~**Industry practice is to use a conversion ratio of 6 Mcf of gas to 1 Bbl of oil. If an issuer uses a 6 Mcf to 1Bbl ratio, in order to satisfy**

paragraph 5.14(1)(d) of NI 51-101, the *reporting issuer* could provide a cautionary statement to the following effect:

> **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 wellhead.**

When the value ratio is significantly different from the energy equivalency of 6:1; the disclosure may be misleading without additional information. For example, an actual value ratio of 20:1 at the time the disclosure is made may require a statement to the effect that a conversion using a 6:1 ratio would be misleading as an indication of value.

Results using conversion ratios other than 6:1 may be disclosed, provided an explanation is given. Section 13 of volume 1 of the *COGE Handbook*, under the heading "Barrels of Oil Equivalent", provides additional guidance.

5.8.1 Net Asset Value, Reserve Replacement and Netbacks

Section 5.14 of *NI 51-101* is a set of principle-based requirements for the disclosure of *oil and gas metrics*, which replaces the rule-based disclosure requirements for net asset value, reserves replacements and netbacks. If a *reporting issuer* discloses net asset value, reserves replacement or netbacks, additional disclosure will be required by paragraphs 5.14(1)(b) and 5.14(2)(a) of *NI 51-101*. For example, if a *reporting issuer* discloses

(a) net asset value or net asset value per share, it would be required to include a description of the methods used to value assets and liabilities and the number of shares used in the calculation,

(b) *reserves* replacement, it would be required to include an explanation of the method of calculation applied, or

(c) a netback, it would be required to reflect netbacks calculated by subtracting royalties and operating costs from revenues and state the method of calculation.

5.9 Finding and *Development costs*

Section ~~5.15~~**5.14** of *NI 51-101* sets out requirements that **would** apply if a *reporting issuer* ~~chooses to make disclosure of~~**discloses** 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*.~~**If a *reporting issuer* discloses finding and development costs, it must, pursuant to paragraphs 5.14(1)(b) and 5.14(2)(a) of *NI 51-101* include the method of calculation, the results of the calculation and 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.**

5.9.1 Summation of *Resource* Categories

An estimate of quantity or an estimate of value constitutes a summation, disclosure of which is prohibited by subsection 5.16(1) of NI 51-101, if that estimate reflects a combination of estimates, known or available to the *reporting issuer*, for two or more of the subcategories enumerated in that provision. There may be circumstances in which a disclosed estimate was arrived at in accordance with the *COGE Handbook* without combining, and without the *reporting issuer* knowing or having access to, estimates in two or more of those enumerated categories. Disclosure of such an estimate would not generally be considered to constitute a summation for purposes of that provision.

5.10 Prospectus Disclosure

In addition to the general disclosure requirements in *NI 51-101* which apply to prospectuses, the following commentary provides additional guidance on topics of frequent enquiry.

(1) **Significant Acquisitions –** To the extent that an issuer engaged in *oil and gas activities* discloses a significant acquisition in its prospectus, it must disclose sufficient information for a reader to determine how the acquisition affected the *reserves data* and other information previously disclosed in the issuer's *Form 51-101F1*. This requirement stems from Part 6 of *NI 51-101* with respect to material changes. This is in addition to specific prospectus requirements for financial information satisfying significant acquisitions.

(2) **Disclosure of *Resources* –** The disclosure of *resources*, excluding *proved* and *probable reserves*, is generally not mandatory under *NI 51-101*, except for certain disclosure concerning the issuer's unproved *properties* and *resource* activities as described in Part 6 of *Form 51-101F1*, which information would be incorporated into the prospectus. Additional disclosure beyond this is voluntary and must comply with ~~sections 5.9, 5.10 and 5.16~~**Part 5** of *NI 51-101*, as applicable. However, the general securities disclosure obligation of "full, true and plain" disclosure of all *material* facts in a prospectus would require the disclosure of *resources* that are *material* to the issuer, even if the disclosure is not mandated by *NI 51-101*. ~~Any such disclosure should be based on supportable analysis.~~

(3) ***Proved* or *Probable Undeveloped reserves* –** Further to the guidance provided in subsection 5.2(4) of this Companion Policy, *proved* or *probable undeveloped reserves* must be reported in the year in which they are recognized. If the *reporting issuer* does not disclose the *proved* or *probable undeveloped reserves* just because it has not yet spent the capital to develop these *reserves*, it may be omitting *material* information, thereby causing the *reserves* disclosure to be misleading. If the issuer has a prospectus, the prospectus might not contain full, true and plain disclosure of all *material* facts if it does not contain information about these *proved undeveloped reserves*.

(4) ***Reserves* Reconciliation in an Initial Public Offering –** In an initial public offering, if the issuer does not have a *reserves* report as at its prior year-end, or if this report does not provide the information required to carry out a *reserves* reconciliation pursuant to item 4.1 of *Form 51-101F1*, the *CSA* may consider granting relief from the requirement to provide the *reserves* reconciliation. A condition of the relief may include a description in the prospectus of relevant changes in any of the categories of the *reserves* reconciliation.

(5) **Relief to Provide More Recent *Form 51-101F1* Information in a Prospectus** -If an issuer is filing a preliminary prospectus and wishes to disclose *reserves data* and other *oil* and *gas* information as at a more recent date than its applicable year-end date, the *CSA* may consider relieving the issuer of the requirement to disclose the *reserves data* and other information as at year-end.

An issuer may determine that its obligation to provide full, true and plain disclosure obliges it to include in its prospectus *reserves data* and other *oil* and *gas* information as at a date more recent than specified in the prospectus requirements. The prospectus requirements state that the information must be as at the issuer's most recent financial year-end in respect of which the prospectus includes financial statements. The prospectus requirements, while certainly not presenting an obstacle to such more current disclosure, would nonetheless require that the corresponding information also be provided as at that financial year-end.

We would consider granting relief on a case-by-case basis to permit an issuer in these circumstances to include in its prospectus the *oil* and *gas* information prepared with an *effective date* more recent than the financial year-end date, without also including the corresponding information effective as at the year-end date. A consideration for granting this relief may include disclosure of *Form 51-101F1* information with an *effective date* that coincides with the date of interim financial statements. The issuer should request such relief in the covering letter accompanying its preliminary prospectus. The grant of the relief would be evidenced by the prospectus receipt.

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 the material change has affected the issuer's *reserves data* and other information

contained in its filed disclosure. This would not necessarily require that an *evaluation* be carried out. However, the *reporting issuer* should ensure it complies with the general disclosure requirements set out in Part 5, as applicable. For example, if the material change report discloses an updated *reserves* estimate, this should be prepared in accordance with the *COGE Handbook* and by a *qualified reserves evaluator or auditor*.

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.

APPENDIX 1
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* do not mandate the format of the disclosure of *reserves data* and related information by *reporting issuers*. However, the CSA encourages *reporting issuers* to use the format presented in this Appendix.

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 1.4, 2.2 and 2.3 and subsections 2.7(8) and 2.7(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*.

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
as of December 31, ~~2006~~2014
~~CONSTANT~~FORECAST PRICES AND COSTS ~~[OPTIONAL SUPPLEMENTARY DISCLOSURE]~~

	RESERVES[1]							
	LIGHT **CRUDE OIL** AND MEDIUM **CRUDE** OIL		HEAVY **CRUDE** OIL		**CONVENTIONAL** NATURAL GAS[2]		NATURAL GAS LIQUIDS	
RESERVES CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
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) Other product types must be added if material.
~~(2) Estimates of reserves of natural gas may be reported separately for (i) associated and non-associated gas (combined), (ii) solution gas and (iii) coal bed methane.~~

☐ ~~OPTIONAL SUPPLEMENTARY~~

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
as of December 31, ~~2006~~2014
~~CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTARY DISCLOSURE]~~
FORECAST PRICES AND COSTS

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

☐ ~~OPTIONAL SUPPLEMENTARY~~

~~Reference: Item 2.2 of *Form 51-101F1*~~

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
as of December 31, 2006
CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTARY DISCLOSURE]

RESERVES CATEGORY	REVENUE (M$)	ROYALTIES (M$)	OPERATING COSTS (M$)	DEVELOPMENT COSTS (M$)	ABANDONMENT AND RECLAMATION 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 SUPPLEMENTARY

Reference: Item 2.2 of *Form 51-101F1*

FUTURE NET REVENUE
BY PRODUCTION GROUP
as of December 31, 2006
CONSTANT PRICES AND COSTS [OPTIONAL SUPPLEMENTARY DISCLOSURE]

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
	Non-Conventional Oil and Gas Activities	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
	Non-Conventional Oil and Gas Activities	xxx

☐ OPTIONAL SUPPLEMENTARY — Reference: Item 2.2 of Form 51-101F1

~~SUMMARY OF OIL AND GAS RESERVES~~
~~as of December 31, 2006~~
~~FORECAST PRICES AND COSTS~~

	RESERVES[1]							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS[2]		NATURAL GAS LIQUIDS	
RESERVES CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
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) Other product types must be added if material.
(2) Estimates of reserves of natural gas may be reported separately for (i) associated and non-associated gas (combined), (ii) solution gas and (iii) coal bed methane.

~~**SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE**~~
~~**as of December 31, 2006**~~
~~**FORECAST PRICES AND COSTS**~~

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

(1) A reporting issuer may wish to satisfy its requirement to disclose these unit values by inserting this disclosure for each category of proved reserves and for probable reserves, by ~~production group~~**product type**, in the chart for item 2.1(3)(c) of *Form 51-101F1* (see sample chart below entitled Future Net Revenue by ~~Production Group~~**Product Type**).

(2) The unit values are based on net reserve volumes.

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

TOTAL FUTURE NET REVENUE

(UNDISCOUNTED)
as of December 31, ~~2006~~2014
FORECAST PRICES AND COSTS

RESERVES CATEGORY	REVENUE (M$)	ROYALTIES (M$)	OPERATING COSTS (M$)	DEVELOPMENT COSTS (M$)	ABANDONMENT ~~AND RECLAMATION~~ COSTS (M$)	**RECLAMATION COSTS (M$)**	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	XXX
Proved Plus Probable Reserves	XXX	XXX	XXX	XXX	XXX	**XXX**	XXX	XXX	XXX

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

FUTURE NET REVENUE
BY ~~PRODUCTION GROUP~~PRODUCT TYPE
as of December 31, ~~2006~~2014
FORECAST PRICES AND COSTS

RESERVES CATEGORY	~~PRODUCTION GROUP~~PRODUCT TYPE	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M$)	UNIT VALUE ($/Mcf) ($/bbl)
Proved Reserves	Light **Crude Oil** and Medium Crude Oil (including solution gas and other by-products)	xxx	xxx
	Heavy **Crude** Oil (including solution gas and other by-products)	xxx	xxx
	Bitumen	**xxx**	
	Natural Gas Liquids	**xxx**	
	Synthetic Crude Oil	**xxx**	
	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	xxx	xxx
	~~Non-Conventional Oil and~~ **Coal Bed Methane**	**xxx**	
	Gas ~~Activities~~ **Hydrates**	**xxx**	
	Shale Gas	**xxx**	
	Synthetic Gas	xxx	xxx
	Total	xxx	
Proved Plus Probable Reserves	Light **Crude Oil** and Medium Crude Oil (including solution gas and other by-products)	xxx	xxx
	Heavy **Crude** Oil (including solution gas and other by-products)	xxx	xxx
	Bitumen	xxx	xxx
	Natural Gas Liquids		
	Synthetic Crude Oil		
	Conventional Natural Gas (including by-products but excluding solution gas from oil wells)		
	~~Non-Conventional Oil and~~ **Coal Bed Methane**	xxx	
	Gas ~~Activities~~ **Hydrates**		
	Shale Gas		
	Synthetic Gas		xxx
	Total	xxx	

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

SUMMARY OF OIL AND GAS CONTINGENT AND PROSPECTIVE RESOURCES[1]
as of December 31, 2014
FORECAST PRICES AND COSTS

RESOURCES CATEGORY	CONTINGENT AND PROSPECTIVE RESOURCES [2]							
	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL		HEAVY CRUDE OIL		CONVENTIONAL NATURAL GAS		NATURAL GAS LIQUIDS	
	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
CONTINGENT								
1C	xx	xx	xx	xx	xx	xx	xx	xx
2C	xx	xx	xx	xx	xx	xx	xx	xx
3C	xx	xx	xx	xx	xx	xx	xx	xx
PROSPECTIVE								
Low	xx	xx	xx	xx	xx	xx	xx	xx
Best	xx	xx	xx	xx	xx	xx	xx	xx
High	xx	xx	xx	xx	xx	xx	xx	xx

(1) This disclosure is triggered by optional disclosure of contingent or prospective resources in the statement prepared in accordance with item 1 of section 2.1 of *NI 51-101*
(2) Other product types must be added if material.
(3) The disclosure in this table must comply with section 5.9 of *NI 51-101*

Reference: Item 2.1(4)(a) of *Form 51-101F1*

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE[(1)]
(CONTINGENT AND PROSPECTIVE RESOURCES)
as of December 31, 2014
FORECAST PRICES AND COSTS

RESOURCES 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$)	20 (MM$)
CONTINGENT										
1C	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
2C	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
3C	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
PROSPECTIVE										
Low Estimate	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Best Estimate	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
High Estimate	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

☐ OPTIONAL SUPPLEMENTARY

(1) This disclosure is triggered by optional disclosure of contingent or prospective resources in the statement prepared in accordance with item 1 of section 2.1 of *NI 51-101*
(2) The disclosure in this table must comply with section 5.9 of *NI 51-101*

Reference: Item 2.1(4)(b) of *Form 51-101F1*

SUMMARY OF PRICING ASSUMPTIONS
as of December 31, ~~2006~~2014

CONSTANT PRICES AND COSTS[1]

Year	OIL[2]				NATURAL GAS[2]	NATURAL GAS LIQUIDS	EXCHANGE RATE[3]
	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)	AECO Gas Price ($Cdn/MMBtu)	FOB Field Gate ($Cdn/bbl)	($US/$Cdn)
Historical (Year End)							
20~~03~~11	xx	xx	xx	xx	xx	xx	xx
20~~04~~12	xx	xx	xx	xx	xx	xx	xx
20~~05~~13	xx	xx	xx	xx	xx	xx	xx
20~~06~~14 (Year End)	xx	xx	xx	xx	xx	xx	xx

OPTIONAL
SUPPLEMENTARY

(1) This disclosure is triggered by optional supplementary disclosure of item 2.2 of *Form 51-101F1*.
(2) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
(3) 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, ~~2006~~2014
FORECAST PRICES AND COSTS

~~XXX~~

Year	OIL[1] WTI Cushing Oklahoma $US/bbl	OIL[1] Edmonton Par Price 40° API $Cdn/bbl	OIL[1] Hardisty Heavy 12° API $Cdn/bbl	OIL[1] Cromer Medium 29.3° API $Cdn/bbl	NATURAL GAS[1] AECO Gas Price ($Cdn/MMBtu)	NATURAL GAS LIQUIDS FOB Field Gate ($Cdn/bbl)	INFLATION RATES[2] %/Year	EXCHANGE RATE[3] $US/$Cdn
Historical[4]								
20~~03~~11	xx	xx	xx	xx	xx	xx	xx	xx
20~~04~~12	xx	xx	xx	xx	xx	xx	xx	xx
20~~05~~13	xx	xx	xx	xx	xx	xx	xx	xx
20~~06~~14	xx	xx	xx	xx	xx	xx	xx	xx
Forecast								
20~~07~~15	xx	xx	xx	xx	xx	xx	xx	xx
20~~08~~16	xx	xx	xx	xx	xx	xx	xx	xx
20~~09~~17	xx	xx	xx	xx	xx	xx	xx	xx
20~~10~~18	xx	xx	xx	xx	xx	xx	xx	xx
20~~11~~19	xx	xx	xx	xx	xx	xx	xx	xx
Thereafter	xx	xx	xx	xx	xx	xx	xx	xx

(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 (20~~06~~14, in this example).

OPTIONAL SUPPLEMENTARY

Reference: Item 3.2 of Form 51-101 F1

RECONCILIATION OF
COMPANY GROSS RESERVES
BY PRODUCT TYPE[1]

FORECAST PRICES AND COSTS

	LIGHT **CRUDE OIL** AND MEDIUM **CRUDE** OIL			HEAVY **CRUDE** OIL			~~ASSOCIATED AND NON-ASSOCIATED~~**CONVENTIONAL NATURAL** GAS		
FACTORS	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)
December 31, 20~~05~~**13**	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Extensions & Improved Recovery Technical	xx	xx	xx	xx	xx	xx	xx	xx	xx
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, 20~~06~~**14**	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

(1) The reserves reconciliation must include other product types, including **bitumen, natural gas liquids,** synthetic **crude** oil, ~~bitumen,~~coal bed methane, **gas** hydrates, shale ~~oil~~**gas** and ~~shale~~**synthetic** gas, if material for the reporting issuer.

Reference: Item 4.1 of *Form 51-101F1*

6.1.2 Proposed Repeal and Replacement of NI 52-108 Auditor Oversight and Proposed Amendments to NI 41-101 General Prospectus Requirements, NI 51-102 Continuous Disclosure Obligations and NI 71-102 Continuous and Other Exemptions Relating to Foreign Issuers

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice and Request for Comment
Proposed Repeal and Replacement of
National Instrument 52-108 *Auditor Oversight*

AND

Proposed Amendments to
National Instrument 41-101 *General Prospectus Requirements*,
National Instrument 51-102 *Continuous Disclosure Obligations* and
National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

October 17, 2013.

Introduction

We, the Canadian Securities Administrators (CSA) are publishing for a 90-day comment period the proposed materials:

- National Instrument 52-108 *Auditor Oversight* (NI 52-108),
- Companion Policy 52-108CP *Auditor Oversight*,

(together, the Amended Auditor Oversight Rule), and proposed amendments to

- National Instrument 41-101 *General Prospectus Requirements,*
- National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102),
- Companion Policy 51-102CP *Continuous Disclosure Obligations*,
- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102), and
- Companion Policy 71-102CP *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

(together, the Proposed Amendments).

The Amended Auditor Oversight Rule will replace current National Instrument 52-108 *Auditor Oversight* (the Current Auditor Oversight Rule).

The text of the proposed materials contained in Annexes A through D of this notice is also published on the websites of a number of the members of the CSA.

Substance and purpose

Consistent with the Current Auditor Oversight Rule, the main purpose of the Amended Auditor Oversight Rule is to contribute to public confidence in the integrity of financial reporting of reporting issuers by promoting high quality, independent auditing. In the Amended Auditor Oversight Rule, we are proposing to change the triggers in NI 52-108 for when a public accounting firm must

deliver to the regulator a notice relating to remedial actions imposed by the Canadian Public Accountability Board (CPAB). We expect this will result in a greater number of notices than is currently the case.

We are proposing amendments to NI 51-102 relating to information about changes in auditor to ensure that reporting issuers provide more timely and complete information. Furthermore, to improve transparency, we are proposing to add a requirement to disclose in a prospectus, if applicable, that an auditor is not subject to the oversight program of CPAB. Finally, we are adding a requirement to NI 71-102 to require foreign issuers to comply with NI 52-108; this will align a foreign issuer's obligations with their auditor's obligations relating to auditor oversight.

Background

The Current Auditor Oversight Rule was developed in connection with the creation of CPAB, which began its operations in October 2003.

The Current Auditor Oversight Rule requires a reporting issuer to have the auditor's report signed by a public accounting firm that has entered into a participation agreement with CPAB and to be in compliance with any restrictions or sanctions imposed by CPAB. In addition, it requires a public accounting firm to provide notice to the securities regulator, and in some cases, the audit committees and board of directors of each reporting issuer client, of certain restrictions or sanctions imposed by CPAB.

Summary of the proposed materials

We are proposing the following key changes in the proposed materials from existing requirements:

- require a public accounting firm to deliver a notice to the regulator if CPAB imposes certain types of remedial actions regardless of the labels CPAB attaches to them (e.g., "sanction" or "restriction"),
- require a public accounting firm to notify its reporting issuer clients if it is not in compliance with certain requirements in the Instrument,
- require disclosure in a prospectus, if the financial statements of the issuer included in the prospectus were audited by an auditor that, as at the date of the most recent auditor's report on financial statements included in the prospectus, was not required to be subject to, and was not subject to the oversight program of CPAB,
- reduce the filing period from 30 days to 14 days for a change of auditor notice required by NI 51-102 following the termination, resignation or appointment of an auditor by a reporting issuer,
- require a predecessor auditor or a successor auditor to notify the regulator on a timely basis if a reporting issuer does not file a change of auditor notice required by NI 51-102, and
- add a condition to the current exemptions in NI 71-102 relating to audited financial statements of SEC foreign issuers and designated foreign issuers to require compliance with NI 52-108. This aligns the requirements for foreign issuers with the current requirement for an auditor of a foreign issuer to comply with NI 52-108.

We are not, at this time, proposing any substantive changes to the existing requirements for when a public accounting firm must provide notice to the audit committees of its reporting issuer clients about remedial actions imposed by CPAB. We propose to defer consideration of this issue until further developments are made on a recommendation by the Enhancing Audit Quality (EAQ) initiative that more information on CPAB inspection results be made available to audit committees.

The EAQ initiative was led by the Chartered Professional Accountants of Canada and CPAB. In its May 31, 2013 report, it was recommended that CPAB and the audit firms it oversees develop a protocol for increasing the extent of information made available to audit committees. As part of the protocol, the EAQ initiative recommended that, if CPAB has inspected the audit file of a particular company, its auditors would provide the audit committee, on a confidential basis, with a summary of any significant findings of the inspection and the firm's response to those findings.

We will request periodic updates on the development of a protocol and will provide input when appropriate. After further efforts to develop a protocol, the CSA will consider the need for potential changes to the requirements in NI 52-108 for notice to audit committees.

Anticipated costs and benefits

We expect the proposed materials will improve the quality and extent of information that public accounting firms must deliver to the regulator relating to remedial actions imposed by CPAB which will assist the regulator in its oversight and review of the financial statement filings of reporting issuers. We also expect that reporting issuers and public accounting firms generally will not incur any significant incremental costs to implement the proposed materials.

Local matters

Annex H to this Notice outlines proposed amendments to local securities legislation. Each jurisdiction that is publishing local amendments will publish an Annex H outlining the proposed local amendments for that jurisdiction.

Request for comments

We welcome your comments on the proposed materials. Please submit your comments in writing by January 15, 2014. If you are not sending your comments by email, please also send an electronic file containing the submissions (in Microsoft Word format).

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA member jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Anne-Marie Beaudoin,
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax : 514-864-6381
consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Contents of Annexes

Annex A:	Proposed National Instrument 52-108 *Auditor Oversight*
Annex B:	Proposed Companion Policy 52-108CP *Auditor Oversight*
Annex C:	Proposed amendments to National Instrument 41-101 *General Prospectus Requirements*
Annex D:	Proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations*
Annex E:	Proposed changes to Companion Policy 51-102CP *Continuous Disclosure Obligations*
Annex F:	Proposed amendments to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

Annex G:	Proposed changes to Companion Policy 71-102CP *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

It is proposed that Companion Policy 52-108 *Auditor Oversight* and the amendments to the Instruments referred to in Annexes C, D, and F, all of which are being published for comment will become effective to coincide with the implementation of the amended and restated National Instrument 52-108 *Auditor Oversight*.

Questions

Please refer your questions to any of the following:

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Manager, Corporate Finance
Alberta Securities Commission
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Financial and Consumer Affairs Authority of Saskatchewan
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Financial and Consumer Services Commission (New Brunswick)
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ANNEX A

PROPOSED NATIONAL INSTRUMENT 52-108
AUDITOR OVERSIGHT

NATIONAL INSTRUMENT 52-108
AUDITOR OVERSIGHT

PART 1
DEFINITIONS AND APPLICATION

Definitions

1. In this Instrument

"CPAB" means the Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes, incorporated as a corporation without share capital under the *Canada Corporations Act* by Letters Patent dated April 15, 2003;

“CPAB rules” means the rules and bylaws of CPAB, as amended from time to time;

"participation agreement" means a written agreement between CPAB and a public accounting firm in connection with CPAB's program of practice inspections and the establishment of practice requirements;

"participating audit firm" means a public accounting firm that has entered into a participation agreement and that has not had its participant status terminated or, if its participant status was terminated, the status has been reinstated by CPAB;

“professional standards” means the standards, as amended from time to time, listed in section 300 of CPAB rules that are applicable to participating audit firms;

"public accounting firm" means a person or company engaged in the business of providing services as public accountants.

PART 2
AUDITOR OVERSIGHT

Public Accounting Firms

2. A public accounting firm that prepares an auditor's report with respect to the financial statements of a reporting issuer must be, as of the date of its auditor's report

(a) a participating audit firm,

(b) in compliance with any remedial action referred to under subsection 5(1), and

(c) in compliance with the notice requirements in section 5.

Notice to Reporting Issuer if Public Accounting Firm Not in Compliance

3. (1) If a public accounting firm has been appointed to prepare an auditor's report with respect to the financial statements of a reporting issuer and, at any time before signing the audit report, is not in compliance with the requirements of paragraphs 2(a), (b) or (c), the public accounting firm must provide the reporting issuer with notice in writing that it is not in compliance within 2 days of first becoming aware of its non-compliance.

(2) A public accounting firm that has previously provided notice to a reporting issuer under (1) must not notify a reporting issuer that it complies with paragraphs 2(a), (b) or (c) unless it has been informed in writing by CPAB that the circumstances that gave rise to the notice no longer apply.

(3) A public accounting firm must deliver a copy of a notice required under this section to CPAB on the same day that it is delivered to the reporting issuer.

Reporting Issuers

4. A reporting issuer that files its financial statements accompanied by an auditor's report of a public accounting firm must have the auditor's report prepared by a public accounting firm that, as of the date of the auditor's report,

(a) is a participating audit firm, and

(b) has not given the reporting issuer a notice under subsection 3(1) or, if it has given the reporting issuer a notice under subsection 3(1), has notified the reporting issuer that the circumstances that gave rise to the notice no longer apply.

PART 3
NOTICE

Notice of Remedial Action to Regulator or Securities Regulatory Authority

5. (1) A participating audit firm appointed to prepare an auditor's report with respect to the financial statements of a reporting issuer must deliver a notice to the regulator or, in Quebec, the securities regulatory authority, if any of the following occurs:

(a) CPAB notifies the participating audit firm in writing that it requires the participating audit firm to take one or more of the following remedial actions:

(i) terminate an audit engagement;

(ii) engage an independent monitor to observe and report to CPAB on the participating audit firm's compliance with professional standards;

(iii) engage an external reviewer or supervisor to oversee the work of the participating audit firm;

(iv) limit the type or number of new reporting issuer audit clients the participating audit firm may accept;

(b) CPAB notifies the participating audit firm in writing that it must disclose to the regulator or, in Quebec, the securities regulatory authority, any remedial action not referred to in paragraph (a);

(c) CPAB publicly discloses a remedial action with which the participating audit firm must comply.

(2) The notice required under subsection (1) must be in writing and must include the descriptions CPAB provided the participating audit firm of all of the following:

(a) how the participating audit firm failed to comply with professional standards;

(b) each remedial action that CPAB imposed on the participating audit firm;

(c) for greater certainty, the time frame within which the participating audit firm must comply with each remedial action.

(3) The notice described in subsection (2) must be delivered to the regulator or, in Quebec, the securities regulatory authority, no later than 2 days after the date that CPAB notifies the participating audit firm that it must comply with any remedial action under paragraph (1)(a), (b), or (c).

(4) The participating audit firm must deliver a copy of a notice required under this section to CPAB on the same day that it is delivered to the regulator or, in Quebec, the securities regulatory authority.

Additional Notice Relating to Defects in Quality Control Systems

6. (1) If CPAB required a participating audit firm to comply with any remedial action relating to a defect in the participating audit firm's quality control systems, and CPAB notifies the participating audit firm that it has not addressed the defect in its quality control systems within the time period required by CPAB, the participating audit firm must deliver a notice to all of the following:

(a) for each reporting issuer for which the participating audit firm is appointed to prepare an auditor's report,

(i) the audit committee, or

(ii) if the reporting issuer does not have an audit committee, the person or company responsible for reviewing and approving the reporting issuer's financial statements before they are filed;

(b) the regulator or, in Quebec, the securities regulatory authority.

(2) The notice required under subsection (1) must be in writing and must describe all of the following:

(a) the defect in the participating audit firm's quality control systems identified by CPAB;

(b) the remedial action imposed by CPAB, including the date the remedial action was imposed and the time period within which CPAB required the participating audit firm to address the defect in its quality control systems;

(c) why the participating audit firm did not address the defect in its quality control systems within the time period required by CPAB.

(3) A participating audit firm must deliver the notice required under subsection (1) no later than 10 days after the participating audit firm received notice from CPAB in writing that the participating audit firm failed to address the defect in its quality control systems within the time period required by CPAB.

(4) The participating audit firm must deliver a copy of a notice required under this section to CPAB on the same day it is delivered to the regulator or, in Quebec, the securities regulatory authority.

Notice Before New Appointment

7. (1) A participating audit firm that is seeking an appointment to prepare an auditor's report with respect to the financial statements of a reporting issuer for a financial year must provide notice to the audit committee or, if the reporting issuer does not have an audit committee, the person or company responsible for reviewing and approving the reporting issuer's financial statements before they are filed, if

(a) the participating audit firm did not audit the financial statements of the reporting issuer for the immediately preceding financial year, and

(b) CPAB informed the participating audit firm within the preceding 12-month period that the participating audit firm failed to address defects in its quality control systems to the satisfaction of CPAB.

(2) The notice required under subsection (1) must be in writing and include the information referred to in subsection 6(2).

PART 4
EXEMPTION

Exemption

8. (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions and restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of NI 14-101 opposite the name of the local jurisdiction.

PART 5
REPEAL AND EFFECTIVE DATE

Repeal

9. National Instrument 52-108 *Auditor Oversight* is repealed.

Effective Date

10. This Instrument comes into force on ***

ANNEX B
PROPOSED COMPANION POLICY 52-108CP

COMPANION POLICY 52-108CP
AUDITOR OVERSIGHT

Introduction

CPAB is an independent oversight body for public accounting firms that audit financial statements of reporting issuers. The purpose of CPAB is to promote high quality external audits of reporting issuers. It is responsible for developing and implementing an oversight program that includes regular inspections of participating audit firms. CPAB's primary means of assessing the quality of audits is through the inspection of selected high-risk sections of audit files and elements of a participating audit firm's quality control systems.

The purpose of National Instrument 52-108 is to contribute to public confidence in the integrity of financial reporting by reporting issuers by requiring:

- a reporting issuer to engage an auditor that has entered into a participation agreement with CPAB in connection with CPAB's program of practice inspections and the establishment of practice requirements,
- a participating audit firm to be in compliance with specified remedial actions imposed by CPAB,
- a participating audit firm to provide notice to the regulator or, in Quebec, the securities regulatory authority, if CPAB imposes specified remedial actions, including the termination of an audit engagement or the engagement of an independent monitor to observe and report on compliance with professional standards, and
- a participating audit firm to provide notice to the audit committee or the person or company responsible for reviewing and approving financial statements, of its reporting issuer clients if the firm failed to address a defect in the firm's quality control systems that was previously identified by CPAB.

The purpose of this Companion Policy is to state the view of the securities regulatory authorities on various matters related to the Instrument.

Section 1 – Definition of Participating Audit Firm

Many of the requirements in the Instrument are linked to the definition of participating audit firm in section 1. For example, section 5 of the Instrument imposes a notice requirement on a participating audit firm in a number of circumstances, including where CPAB requires the firm to terminate an audit engagement. CPAB may impose a remedial action on one or more individuals involved in a professional capacity with the participating audit firm. For purposes of the Instrument, the securities regulatory authorities consider any remedial action imposed by CPAB on an individual acting in a professional capacity with a participating audit firm to be a remedial action imposed on the firm.

Section 1 – Definition of Professional Standards

The definition of professional standards refers to the standards listed in section 300 of CPAB rules, which are standards relating to auditing, ethics, independence and quality control.

Subsection 5(1) and Paragraph 6(1)(b) – Notice to Regulator or Securities Regulatory Authority

Both subsection 5(1) and paragraph 6(1)(b) of the Instrument require a participating audit firm to deliver a notice to the regulator or, in Quebec, the securities regulatory authority. "Regulator" and "securities regulatory authority" are defined in NI 14-101 – *Definitions*. Each participating audit firm that is subject to either of these provisions must deliver the notice to the regulator or, in Quebec, the securities regulatory authority, in each jurisdiction in which the firm is appointed by one or more reporting issuers to prepare an auditor's report with respect to their financial statements. The securities regulatory authorities will consider the notice requirement in each of these provisions of the Instrument to have been satisfied if the notice is sent to [*CSA email address to be added*].

Subsection 5(1) – Remedial Action Imposed by CPAB

Subsection 5(1) of the Instrument requires a participating audit firm to deliver a notice to the regulator or, in Quebec, the securities regulatory authority, of certain remedial actions imposed by CPAB. CPAB may refer to an item in subsection 5(1) of the Instrument as a recommendation, a requirement, a restriction or a sanction, or CPAB may use a different term. A participating audit firm must deliver the notice under section 5 of the Instrument if the remedial action is described in that section,

without regard to how CPAB refers to it. For example, a notice is required by subparagraph 5(1)(a)(i) of the Instrument if CPAB requires a participating audit firm to terminate an audit engagement regardless of whether CPAB refers to it as a recommendation, requirement, restriction, sanction or uses a different term.

Subparagraph 5(1)(a)(iii) – Engagement of an External Reviewer or Supervisor

Subparagraph 5(1)(a)(iii) of the Instrument requires a participating audit firm to deliver a notice to the regulator or, in Quebec, the securities regulatory authority, if CPAB requires a participating audit firm to engage an external reviewer or supervisor to oversee its work. One example of when a participating audit firm would notify the regulator is when CPAB requires the firm to engage an external engagement quality control reviewer to perform a technical review of one or more audits performed by the firm.

Subparagraph 5(1)(a)(iv) – Limitation on a Participating Audit Firm from Accepting New Reporting Issuer Audit Clients

Subparagraph 5(1)(a)(iv) of the Instrument requires a participating audit firm to deliver a notice to the regulator or, in Quebec, the securities regulatory authority, if CPAB limits the type or number of new reporting issuer audit clients the firm accepts. The securities regulatory authorities consider this type of limitation to include restrictions on accepting audit engagements of reporting issuers in a particular industry. For example, a participating firm that is limited for any period of time from auditing the financial statements of mining companies is subject to subparagraph 5(1)(a)(iv) in the Instrument even if the firm may continue to audit reporting issuers in other industries.

The securities regulatory authorities also consider the term “new reporting issuer audit client” to refer to any reporting issuer the financial statements of which were not audited by the participating audit firm for the reporting issuer’s most recently completed financial year. For example, if a participating firm was asked to audit the financial statements of a reporting issuer for the first time in respect of its 2013 fiscal year, that issuer would be a new reporting issuer audit client of the firm. Similarly, if a participating audit firm had audited the reporting issuer’s 2011 financial statements but did not audit the 2012 financial statements, the securities regulatory authorities would also consider the issuer to be a new reporting issuer audit client of the firm in respect of the 2013 financial statement audit.

Paragraph 5(1)(b) – Notice Required at Discretion of CPAB

Paragraph 5(1)(b) of the Instrument requires a participating audit firm to deliver a notice to the regulator or, in Quebec, the securities regulatory authority, at the discretion of CPAB. One example of when CPAB may require a participating audit firm to notify the regulator is when the firm failed to comply with a remedial action within the period CPAB required.

Paragraph 5(2)(b) – Contents of Notice

Subsection 5(2) of the Instrument sets out the content requirements for a notice delivered to the regulator or, in Quebec, the securities regulatory authority, by a participating audit firm. Paragraph 5(2)(b) requires a participating audit firm to describe each remedial action that CPAB imposed on the firm. This includes, but is not limited to, remedial actions referred to in subsection 5(1). For example, if CPAB requires a participating audit firm to engage an independent monitor under subparagraph 5(1)(b)(ii) of the Instrument and also imposes additional remedial actions on the firm other than those referred to in subsection 5(1), the notice must include a complete description of such other remedial actions.

ANNEX C

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

1. National Instrument 41-101 General Prospectus Requirements is amended.

2. Form 41-101F1 is amended by adding the following after item 26.1:

Auditor that was not a participating audit firm

26.1.1 (1) If the auditor referred to in section 26.1 was not a participating audit firm, as defined in NI 52-108, as at the date of the most recent auditor's report on financial statements included in the prospectus, include a statement in substantially the following form:

"[*Audit Firm A*] audited the financial statements of [*Entity B*] for the year ended [*state the period of the most recent financial statements included in the prospectus*] and issued an auditor's report dated [*state the date of the auditor's report for the relevant financial statements*]. As at [*state the date of the auditor's report for the relevant financial statements*], [*Audit Firm A*] was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board."

(2) If an auditor of the financial statements required by Item 32 was not a participating audit firm, as defined in NI 52-108, as at the date of the most recent auditor's report issued by that auditor on financial statements included in the prospectus, include a statement in substantially the following form:

"[*Audit Firm C*] audited the financial statements of [*Entity D*] for the year ended [*state the period of the most recent financial statements, if any, included in the prospectus under Item 32*] and issued an auditor's report dated [*state the date of the auditor's report for the relevant financial statements*]. As at [*state the date of the auditor's report for the relevant financial statements*], [*Audit Firm C*] was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board..

3. This Instrument comes into force on [*].

ANNEX D

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

1. National Instrument 51-102 Continuous Disclosure Obligations is amended.

2. Subsection 4.11(5) is amended

(a) in paragraph (a) by replacing "10***" with "***3***",***

(b) in clause (a)(ii)(C)by replacing "20***" with "***7***", and***

(c) in paragraph (b) by replacing "30***" with "***14***".***

3. Subsection 4.11(6) is amended

(a) in paragraph (a) by replacing "10***" with "***3***",***

(b) in clause (a)(ii)(C) by replacing "20***" with "***7***",***

(c) in subparagraph (a)(iii) by replacing "20***" with "***7***",***

(d) in paragraph (b) by replacing "30***" with "***14***", and***

(e) by deleting "either***" in subparagraph (b)(iv).***

4. Subsection 4.11(8) is replaced with the following:

(8) **Predecessor Auditor's Obligations to Report Non-Compliance** – If a reporting issuer does not file the reporting package required to be filed under subparagraph (5)(b)(ii) or the news release required to be filed under subparagraph (5)(b)(iv), the predecessor auditor must, within 3 days of the required filing date, advise the reporting issuer in writing of the failure and deliver a copy of the letter to the regulator or, in Quebec, the securities regulatory authority.**.**

5. Section 4.11 is amended by adding the following after subsection (8):

(9) **Successor Auditor's Obligations to Report Non-Compliance** – If a reporting issuer does not file the reporting package required to be filed under subparagraph (6)(b)(ii) or the news release required to be filed under subparagraph (6)(b)(iv), the successor auditor must, within 3 days of the required filing date, advise the reporting issuer in writing of the failure and deliver a copy of the letter to the regulator or, in Quebec, the securities regulatory authority.**.**

6. This Instrument comes into force on [*].

ANNEX E

PROPOSED CHANGES TO
COMPANION POLICY 51-102CP
CONTINUOUS DISCLOSURE OBLIGATIONS

1. The changes proposed to Companion Policy 51-102CP of National Instrument 51-102 Continuous Disclosure Obligations are set out in this schedule.

2. Part 4 is changed by adding the following after section 4.3:

4.4 **Predecessor and successor auditor reporting of non-compliance with change of auditor requirements** – Subsections 4.11(8) and 4.11(9) of the Instrument require a predecessor and successor auditor to deliver to a regulator or, in Quebec, the securities regulatory authority, a copy of a letter sent to a reporting issuer advising a reporting issuer of its failure to comply with the change of auditor reporting requirements. "Regulator" and "securities regulatory authority" are defined in NI 14-101 – *Definitions*. The securities regulatory authorities will consider the notice requirement in each of these provisions of the Instrument to have been satisfied if the notice is sent to [*CSA email address to be added*]..

3. These changes become effective on [*].

ANNEX F

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 71-102
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS

1. National Instrument 71-102 Continuous Disclosure Obligation and Other Exemptions Relating to Foreign Issuers is amended.

2. Section 4.3 is amended by

(a) adding "required to be***" after "***annual financial statements***" in paragraph (c),***

(b) deleting "and***" in paragraph (d),***

(c) adding "and***" to the end of paragraph (e), and***

(d) adding the following after paragraph (e):

(f) complies with NI 52-108 *Auditor Oversight*..

3. Section 5.4 is amended by

(a) deleting "and***" in paragraph (d),***

(b) adding "and***" to the end of paragraph (e), and***

(c) adding the following after paragraph (e):

(f) complies with NI 52-108 *Auditor Oversight*..

4. This Instrument comes into force on [*].

ANNEX G

PROPOSED CHANGES TO
COMPANION POLICY 71-102CP
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS

1. The changes proposed to Companion Policy 71-102CP of National Instrument 71-102 Continuous Disclosure Obligations and other Exemptions Relating to Foreign Issuers are set out in this schedule.

2. Section 6.4 is replaced by the following:

6.4 **Financial statements and auditor's report relief** – Section 4.3 of the Instrument provides certain relief for an SEC foreign issuer relating to financial statements and auditors' reports on annual financial statements. Section 5.4 provides similar relief for a designated foreign issuer. The relief is available only if the particular foreign issuer meets all of the conditions listed in sections 4.3 and 5.4, respectively, including the requirement to comply with NI 52-107 and NI 52-108 *Auditor Oversight*. Sections 4.3 and 5.4 do not provide relief from

(a) the certification requirements in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual or Interim Filings*, or

(b) the audit committee requirements in National Instrument 52-110 *Audit Committees*.

SEC foreign issuers and designated foreign issuers must look to those instruments for any exemptions that may be available to them..

3. These changes become effective on [*].

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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

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/20/2013	3	ACI Payment Systems - Notes	9,338,400.00	9,000.00
09/20/2013	10	Aegean Metals Group Inc. - Units	190,783.00	1,907,830.00
09/20/2013	1	AgriMarine Holdings Inc. - Note	10,000,000.00	1.00
07/30/2013	1	Aguila 3 S.A. - Note	10,293,000.00	1.00
09/30/2013	16	American Vanadium Corp. - Investment Trust Interests	4,065,000.00	8,130,000.00
09/18/2013	4	Anconia Resources Corp. - Units	195,000.00	1,641,666.00
09/25/2013 to 09/26/2013	12	Anconia Resources Corp. - Units	129,200.00	1,235,000.00
09/20/2013	57	ASHER RESOURCES CORPORATION - Units	887,000.00	3,435,000.00
05/31/2013 to 08/30/2013	1	Ashmore Emerging Markets Liquid Investment Portfolio - Units	27,895.43	2,678.95
09/23/2013	4	Benefitfocus, Inc. - Common Shares	681,248.75	25,000.00
09/25/2013	1	BIND Therapeutics, Inc. - Common Shares	154,500.00	10,000.00
09/20/2013	3	Bioniche Life Science Inc. - Units	804,500.02	2,774,138.00
09/10/2013	2	BNP Paribas Arbitrage Issuance SNC - Certificates	600,000.00	2.00
06/04/2013	18	Brevia Energy Inc. - Common Shares	780,000.00	780,000.00
08/31/2013	5	B.E.S.T. Active 365 Fund LP - Limited Partnership Units	690,000.00	NA
09/09/2013	253	Caledonian Royalty Corporation - Notes	48,000,000.00	48,000.00
09/25/2013 to 10/01/2013	4	Canada Carbon Inc. - Units	558,000.00	2,060,000.00
09/06/2013	13	Canoe 2013 Flow-Through LP - Limited Partnership Units	1,495,000.00	59,800.00
09/03/2013	2	Capital Direct I Income Trust - Trust Units	40,500.00	4,050.00
09/16/2013	1	CARUBE RESOURCES INC. - Common Shares	200,000.00	1,000,000.00
09/13/2013	2	Citigroup Inc. - Notes	16,545,600.00	16,000.00
10/01/2013	2	Covisint Corporation - Common Shares	154,500.00	15,000.00
09/16/2013 to 09/18/2013	8	DealNet Capital Corp. - Debentures	355,000.00	355.00
09/26/2013	3	Duran Ventures Inc. - Units	23,000.00	766,667.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/12/2013	9	Duran Ventures Inc. - Units	216,100.00	7,203,333.00
09/20/2013	1	EIG Energy Fund XVI-B, L.P. - Limited Partnership Interest	25,717,500.00	NA
09/12/2013	3	EL Nino Ventures Inc. - Flow-Through Units	54,000.00	2,500,000.00
09/13/2013	11	Elgin Mining Inc. - Units	2,952,000.00	24,600,000.00
10/02/2013	2	Emerald Oil Inc. - Common Shares	538,200.00	195,000.00
09/09/2013	11	Enablence Technologies Inc. - Common Shares	0.00	20,405,145.00
08/31/2013	1	Enertech Capital Partners IV (Canada) L.P. - Limited Partnership Interest	1,053,300.00	NA
09/16/2013	26	Equicapita Income L.P. - Limited Partnership Units	636.20	636,195.00
09/16/2013	26	Equicapita Income trust - Units	1,105,030.00	1,105,030.00
09/30/2013	3	FanXchange Limited - Common Shares	145,340.00	72,670.00
09/19/2013	156	FIERA CAPITAL CORPORATION - Receipts	105,145,750.00	9,781,000.00
09/16/2013	3	First Mexican Gold Corp. - Common Shares	55,000.00	1,100,000.00
09/13/2013	13	First Sahara Energy Inc. - Units	550,000.00	11,000,000.00
09/09/2013	81	Forum Uranium Corp. - Units	2,593,219.00	7,008,702.00
09/27/2013	2	Frontline Gold Corporation - Units	37,500.00	1,875,000.00
09/05/2013	3	Fuse Powered Inc. - Preferred Shares	200,005.00	90,500.00
09/18/2013	1	Galena Biopharma, Inc. - Units	1,546,800.00	750,000.00
09/30/2013	2	Georgian Capital Partners Corporation - Limited Partnership Units	900,000.00	9,000.00
09/19/2013	29	Global Cobalt Corporation - Units	127,602.00	2,450,980.00
09/25/2013	17	Great Bear Resources Ltd. - Units	450,000.00	6,000,000.00
09/11/2013	15	GUESTLOGIX INC. - Common Shares	4,025,070.00	4,472,300.00
09/05/2013	4	Highbank Resources Ltd. - Common Shares	28,000.00	350,000.00
09/05/2013	4	Hitlab Inc. - Units	1,200,000.00	4,800,000.00
09/18/2013	3	Hortican Inc. - Common Shares	170,000.00	340,000.00
09/19/2013	4	International Game Technology - Notes	15,292,081.79	15,000.00
09/24/2013	35	Kaminak Gold Corporation - Flow-Through Shares	2,895,125.00	3,047,500.00
08/30/2013	48	Lakeland Resources Inc. - Units	738,770.00	7,050,700.00
09/05/2013	226	Legend Gold Corp. - Common Shares	6,298,120.00	20,993,733.00
09/26/2013	7	Lorus Therapeutics Inc. - Notes	600,000.00	7.00
09/19/2013	2	Madison Park Funding XI, Ltd. - Notes	9,981,075.00	100,000.75

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/27/2013	3	Mag Copper Limited - Units	30,000.00	600,000.00
08/20/2013	2	Marquest Asset Management - Common Shares	500,305.00	716.00
08/17/2013 to 09/30/2013	6	MCF Services Inc. - Common Shares	833,122.00	833,122.00
09/27/2013	7	MEDITERRA ENERGY CORPORATION - Common Shares	4,664,015.00	3,109,344.00
09/20/2013	2	Merus Labs International Inc. - Debentures	10,000,000.00	2.00
09/20/2013	14	MIRACULINS INC. - Units	429,999.96	6,666,667.00
09/27/2013 to 10/02/2013	3	MOVE Trust BNY Trust Company of Canada as Trustee - Notes	13,839,089.77	3.00
09/26/2013	2	Nationstar Mortgage LLC/Nationstar Capital Corporation - Notes	2,865,231.11	2,781.78
08/31/2013	3	Newstart Financial Inc. - Notes	70,000.00	3.00
09/26/2013	3	Nissan Motor Acceptance Corporation - Notes	67,074,940.48	3.00
09/16/2013	1	Noble Mineral Exploration Inc. - Common Shares	0.00	200,000.00
09/09/2013	1	Northern Gold Mining Inc. - Common Shares	0.00	4,011,311.00
09/27/2013	1	Northern Gold Mining Inc. - Common Shares	0.00	3,000,000.00
09/25/2013	1	Par Petroleum Corporation - Common Shares	514,750.00	143,884,892.00
08/30/2013	9	Patient Home Monitoring Corp. - Units	375,949.65	2,784,811.00
09/26/2013	2	Petrolia Inc. - Flow-Through Shares	1,404,150.00	1,221,000.00
09/10/2013 to 09/19/2013	11	Phoenix Capital Fund - US - Trust Units	241,450.00	NA
09/11/2013	1	PYMETRICS, INC. - Preferred Shares	31,011.00	30,000.00
09/20/2013	1	Quantum Leap Mortgage Investments Fund - Units	50,000.00	5,000.00
09/20/2013	31	Redstone Capital Corporation - Bonds	695,900.00	NA
09/05/2013	17	Reef Resources Ltd. - Common Shares	488,682.01	9,773,638.00
09/25/2013	3	Regional Management Corp. - Common Shares	8,266,520.00	292,000.00
09/24/2013	88	Rendell Properties Limited Partnership - Units	2,519,400.00	102.00
09/24/2013	3	Return on Innovation Capital Ltd./2088013 Ontario Inc. (Empire Communities-Brampton) L2 - Common Shares	736,082.44	736,082.44
09/13/2013	64	Rockspring Capital Texas Real Estate Trust - Trust Units	3,433,455.30	3,614,163.00
09/10/2013	2	ROI Capital/Heritage Grove Centre Inc. - Limited Partnership Units	738,975.00	738,975.00
09/10/2013	1	ROI Capital/Pembroke Plaza Inc. - Limited Partnership Units	50,000.00	50,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/17/2013	1	Royal Bank of Canada - Special Trust Securities	2,500,000.00	25,000.00
09/13/2013	2	Rubikloud Technologies Inc. - Debentures	517,350.00	2.00
09/19/2013	3	Sage Gold Inc. - Common Shares	47,167.00	1,016,666.00
09/20/2013	146	Saguaro Resources Ltd. - Warrants	1,460.00	157.00
09/20/2013	12	SCG 2013-CWP Hotel Issuer Inc. - Certificates	406,096,928.10	12.00
09/24/2013 to 10/01/2013	44	SecureCare Investments Inc. - Bonds	1,452,658.00	NA
09/13/2013	12	Sierra Iron Ore Corporation - Units	510,000.00	1,275,000.00
09/23/2013 to 09/30/2013	55	SIF Solar Energy Income & Growth Fund - Units	1,526,500.00	15,265.00
09/18/2013	5	Skyline Commercial Real Estate Investment Trust - Units	1,281,840.00	128,184,000.00
09/13/2013	4	Spire Real Estate Limited Partnership - Units	1,173,000.00	10,316.62
09/11/2013	10	Sprint Corporation - Notes	165,392,000.00	10.00
09/10/2013 to 09/12/2013	3	STONEY RANGE INDUSTRIAL LIMITED PARTNERSHIP - Units	21,209.00	21,209.00
09/16/2013	8	TALMORA DIAMOND INC. - Units	30,886.49	903,789.00
09/27/2013	1	TauRX Pharmaceuticals Ltd. - Common Shares	1,157,783.50	25,820.00
09/27/2013	11	THC Escrow Corporation to be assumed byTenet Healthcare Corporation - Notes	141,831,000.00	137,700.00
09/09/2013	7	The Bank of Tokyo-Mistsubishi UFJ, Ltd. - Notes	56,951,218.64	7.00
10/02/2013	3	The Howard Hughes Corporation - Notes	103,000,000.00	100,000.00
09/05/2013	17	THUNDERSTRUCK RESOURCES LTD. - Common Shares	300,000.00	6,000,000.00
09/24/2013	19	THUNDERSTRUCK RESOURCES LTD. - Common Shares	100,000.00	2,000,000.00
09/20/2013	1	Tribute Pharmaceuticals Canada Inc. - Units	50,000.16	108,696.00
09/13/2013	1	TRUECLAIM EXPLORATION INC. - Common Shares	42,500.00	500,000.00
09/09/2013 to 09/13/2013	27	UBS AG, Jersey Branch - Certificates	10,272,933.69	27.00
09/12/2013	2	UBS AG, Zurich - Certificates	576,944.24	2.00
09/18/2013	2	VERIS GOLD CORP. - Units	7,800,000.00	15,000.00
08/30/2013	46	Vertex Fund - Trust Units	5,160,777.66	NA
09/13/2013	34	VITAL AXIOMX INVESTORS LLC - Units	814,998.00	815,000.00
09/26/2013	23	WALTON INCOME 8 INVESTMENT CORPORATION - Bonds	811,500.00	2,300.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/18/2013	30	WESTBOND ENTERPRISES CORPORATION - Common Shares	1,190,000.00	14,875,000.00
09/03/2013	1	York Investment Limited - Common Shares	1,053,300.00	NA
09/05/2013	12	Zecotek Photonics Inc. - Units	3,460,824.04	5,966,938.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
BMO Canadian Stock Selection Fund
BMO International Value Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated October 11, 2013
NP 11-202 Receipt dated October 11, 2013
Offering Price and Description:
Series A, F, I, NBA, NBF and Advisor Series
Underwriter(s) or Distributor(s):
BMO Investments Inc.
BMO Investments Inc.
Promoter(s):
BMO Investments Inc.
Project #2120331

Issuer Name:
Canoe Global Equity Income Class
Canoe U.S. Equity Income Class
Principal Regulator - Alberta
Type and Date:
Preliminary Simplified Prospectuses dated October 7, 2013
NP 11-202 Receipt dated October 9, 2013
Offering Price and Description:
Series A and Series F shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Canoe Financial Corp.
Project #2119490

Issuer Name:
Caracal Energy Inc. (formerly, Griffiths Energy International Inc.)
Principal Regulator - Alberta (ASC)
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated
NP 11-202 Receipt dated
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2120481

Issuer Name:
NUVISTA ENERGY LTD.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 10, 2013
NP 11-202 Receipt dated October 10, 2013
Offering Price and Description:
$25,600,000.00 - 3,200,000 Offered Shares
Price: $8.00 per Offered Share
-
Underwriter(s) or Distributor(s):
Peters & Co. Limited
RBC Dominion Securities Inc.
CIBC World Markets Inc
FirstEnergy Capital Corp.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Promoter(s):
-
Project #2118660

Issuer Name:
Carmanah Technologies Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated October 9, 2013
NP 11-202 Receipt dated October 10, 2013
Offering Price and Description:
$6,035,304.00
Rights to purchase 50,294,200 Common Shares at a purchase price of $0.12 per
Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2113192

Issuer Name:
CT Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 10, 2013
NP 11-202 Receipt dated October 10, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Promoter(s):
Canadian Tire Corporation, Limited
Project #2111182

Issuer Name:
Dividend Growth Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 10, 2013
NP 11-202 Receipt dated October 11, 2013
Offering Price and Description:
Preferred Shares and Class A Shares
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.
GMP Securities L.P.
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Dundee Securities Inc.
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Promoter(s):
-
Project #2117815

Issuer Name:
Dynamic Premium Yield Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated October 8, 2013
NP 11-202 Receipt dated October 11, 2013
Offering Price and Description:
Series A, E, F, FH, FI, H, I, IP, O Units
Underwriter(s) or Distributor(s):
GCIC Ltd.
GCIC Ltd.
Promoter(s):
GCIC Ltd.
Project #2110614

Issuer Name:
Energy Fuels Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 9, 2013
NP 11-202 Receipt dated October 9, 2013
Offering Price and Description:
$5,000,000.00 - 31,250,000 Common Shares Price: $0.16 per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Cantor Fitzgerald Canada Corporation
Haywood Securities Inc.
Promoter(s):
-
Project #2117920

Issuer Name:
Exemplar Canadian Focus Portfolio
Exemplar Diversified Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 26, 2013 to Final Long Form Prospectus dated April 29, 2013
NP 11-202 Receipt dated October 9, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BLUMONT CAPITAL CORPORATION
Project #2031967

Issuer Name:
Exemplar Global Agriculture Fund
Exemplar Global Infrastructure Fund
Exemplar Leaders Fund
Exemplar Timber Fund
Exemplar Yield Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 26, 2013 to Final Simplified Prospectuses, Annual Information Form dated June 28, 2013
NP 11-202 Receipt dated October 9, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BluMont Capital Corporation
BluMont Capital
Promoter(s):
BluMont Capital Corporation
Project #2050329

Issuer Name:
FAMILY MEMORIALS INC.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 10, 2013
NP 11-202 Receipt dated October 11, 2013
Offering Price and Description:
Maximum Offering: $4,008,000.00 (4,000 Units)
Minimum Offering: $3,206,400.00 (3,200 Units)
Price: $1,002 per Unit
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Scott C. Kellaway
Project #2113282

Issuer Name:
FortisAlberta Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Base Shelf Prospectus dated October 10, 2013
NP 11-202 Receipt dated October 10, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Casgrain & Company Limited
Promoter(s):
-
Project #2118526

Issuer Name:
Franklin Bissett All Canadian Focus Corporate Class (fromerly Bissett All Canadian Focus Corporate Class)
Franklin Bissett All Canadian Focus Fund(formerly Bissett All Canadian Focus Fund)
Franklin Bissett Bond Corporate Class (formerly Bissett Bond Corporate Class)
Franklin Bissett Bond Fund (formerly Bissett Bond Fund)
Franklin Bissett Bond Yield Class (formerly Bissett Bond Yield Class)
Franklin Bissett Canadian Balanced Corporate Class (formerlyBissett Canadian Balanced Corporate Class)
Franklin Bissett Canadian Balanced Fund (formerly Bissett Canadian Balanced Fund)
Franklin Bissett Canadian Dividend Corporate Class (formerly Bissett Canadian Dividend Corporate Class)
Franklin Bissett Canadian Dividend Fund (formerly Bissett Canadian Dividend Fund)
Franklin Bissett Canadian Equity Corporate Class (formerly Bissett Canadian Equity Corporate Class)
Franklin Bissett Canadian Equity Fund (formerly Bissett Canadian Equity Fund)
Franklin Bissett Canadian High Dividend Corporate Class (formerly Bissett Canadian High Dividend Corporate Class)
Franklin Bissett Canadian High Dividend Fund (formerly Bissett Canadian High Dividend Fund)
Franklin Bissett Canadian Short Term Bond Fund (formerly Bissett Canadian Short Term Bond Fund)
Franklin Bissett Canadian Short Term Bond Yield Class (formerly Bissett Canadian Short Term Bond Yield Class)
Franklin Bissett Corporate Bond Fund (formerly Bissett Corporate Bond Fund)
Franklin Bissett Corporate Bond Yield Class (formerly Bissett Corporate Bond Yield Class)
Franklin Bissett Dividend Income Corporate Class (formerly Bissett Dividend Income Corporate Class)
Franklin Bissett Dividend Income Fund (formerly Bissett Dividend Income Fund)
Franklin Bissett Energy Corporate Class (formerly Bissett Energy Corporate Class)
Franklin Bissett Canadian All Cap Balanced Corporate Class (formerly Bissett Focus Balanced Corporate Class)
Franklin Bissett Canadian All Cap Balanced Fund (formerly Bissett Focus Balanced Fund)
Franklin Bissett Microcap Fund (formerly Bissett Microcap Fund)
Franklin Bissett Small Cap Corporate Class (formerly Bissett Small Cap Corporate Class)
Franklin Bissett Small Cap Fund (formerly Bissett Small Cap Fund)
Franklin Bissett Strategic Income Corporate Class (formerly Bissett Strategic Income Corporate Class)
Franklin Bissett Strategic Income Fund (formerly Bissett Strategic Income Fund)
Franklin Bissett U.S. Focus Corporate Class (formerly Bissett U.S. Focus Corporate Class)
Franklin Flex Cap Growth Corporate Class
Franklin Flex Cap Growth Fund
Franklin High Income Fund
Franklin Income Corporate Class
Franklin Income Fund
Franklin Income Hedged Corporate Class
Franklin Strategic Income Fund

Franklin Bissett Money Market Corporate Class (formerly Franklin Templeton Money Market Corporate Class)
Franklin Bissett Money Market Fund (formerly Franklin Templeton Money Market Fund)
Franklin Bissett Money Market Yield Class (formerly Franklin Templeton Money Market Yield Class)
Franklin Bissett Treasury Bill Fund (formerly Franklin Templeton Treasury Bill Fund)
Franklin U.S. Core Equity Fund
Franklin U.S. Rising Dividends Corporate Class
Franklin U.S. Rising Dividends Fund
Franklin U.S. Rising Dividends Hedged Corporate Class
Franklin World Growth Corporate Class
Franklin World Growth Fund
Franklin Mutual Beacon Corporate Class (Mutual Beacon Corporate Class)
Franklin Mutual Beacon Fund (formerly Mutual Beacon Fund)
Franklin Mutual Global Discovery Corporate Class (formerly Mutual Global Discovery Corporate Class)
Franklin Mutual Global Discovery Fund (formerly Mutual Global Discovery Fund)
Franklin Quotential Balanced Growth Corporate Class Portfolio (formerly Quotential Balanced Growth Corporate Class Port)
Franklin Quotential Balanced Growth Portfolio (formerly Quotential Balanced Growth Portfolio)
Franklin Quotential Balanced Income Corporate Class Portfolio (formerly Quotential Balanced Income Corporate Class Port)
Franklin Quotential Balanced Income Portfolio (formerly Quotential Balanced Income Portfolio)
Franklin Quotential Canadian Growth Corporate Class Portfolio (formerly Quotential Canadian Growth Corporate Class Port)
Franklin Quotential Canadian Growth Portfolio (formerly Quotential Canadian Growth Portfolio)
Franklin Quotential Diversified Income Corporate Class Portfolio (formerly Quotential Diversified Income CorporateClass)
Franklin Quotential Diversified Income Portfolio (formerly Quotential Diversified Income Portfolio)
Franklin Quotential Global Balanced Corporate Class Portfolio (formerly Quotential Global Balanced Corporate Class Port)
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Franklin Quotential Global Growth Corporate Class Portfolio (formerly Quotential Global Growth Corporate ClassPortfolio)
Franklin Quotential Global Growth Portfolio (formerly Quotential Global Growth Portfolio
Franklin Quotential Growth Corporate Class Portfolio (formerly Quotential Growth Corporate Class Portfolio)
Franklin Quotential Growth Portfolio (formerly Quotential Growth Portfolio)
Franklin Quotential Maximum Growth Corporate Class Portfolio (formerly Quotential Maximum Growth Corporate Class Portfi)
Franklin Quotential Maximum Growth Portfolio (formerly Quotential Maximum Growth Portfolio)
Templeton Asian Growth Corporate Class
Templeton BRIC Corporate Class
Templeton Canadian Balanced Fund
Templeton Canadian Stock Corporate Class
Templeton Canadian Stock Fund
Templeton EAFE Developed Markets Fund
Templeton Emerging Markets Corporate Class
Templeton Emerging Markets Fund
Templeton Frontier Markets Corporate Class
Templeton Global Balanced Fund
Templeton Global Bond Fund
Templeton Global Bond Hedged Yield Class
Templeton Global Smaller Companies Corporate Class
Templeton Global Smaller Companies Fund
Templeton Growth Corporate Class
Templeton Growth Fund, Ltd.
Templeton International Stock Corporate Class
Templeton International Stock Fund
Principal Regulator - Ontario

Type and Date:
Amendment #1 dated September 26, 2013 to Final Simplified Prospectuses, Annual Information Form dated June 20, 2013
NP 11-202 Receipt dated October 10, 2013

Offering Price and Description:
Series A, A (Hedged), F, I, O, R, S, T, TUSD shares and units

Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.

Promoter(s):
Franklin Templeton Investments Corp.

Project #2058806

Issuer Name:
Franklin Bissett U.S. Focus Fund
Franklin Templeton Canadian Core Equity Fund
Franklin Templeton Canadian Large Cap Fund
Templeton Asian Growth Fund
Templeton Frontier Markets Fund
Principal Regulator - Ontario

Type and Date:
Amendment #1 dated September 26, 2013 to Final Simplified Prospectuses, Annual Information Form dated June 24, 2013
NP 11-202 Receipt dated October 9, 2013

Offering Price and Description:
Series O Units @ Net Asset Value

Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.

Promoter(s):
-

Project #2059738

Issuer Name:
Horizons Enhanced Income US Equity (USD) ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 27, 2013 to Final Long Form Prospectus dated March 22, 2013
NP 11-202 Receipt dated October 10, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #2014968

Issuer Name:
Manulife Balanced Equity Private Pool
Manulife Balanced Income Private Pool
Manulife Balanced Income Private Trust
Manulife Balanced Private Pool
Manulife Balanced Private Trust
Manulife Canadian Balanced Private Pool
Manulife Canadian Equity Private Pool
Manulife Canadian Fixed Income Private Pool
Manulife Canadian Fixed Income Private Trust
Manulife Corporate Fixed Income Private Pool
Manulife Corporate Fixed Income Private Trust
Manulife Dividend Income Private Pool
Manulife Global Balanced Private Trust
Manulife Global Equity Private Pool
Manulife Global Fixed Income Private Pool
Manulife Global Fixed Income Private Trust
Manulife Money Market Private Trust
Manulife U.S. Equity Private Pool
Manulife U.S. Fixed Income Private Trust
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 10, 2013
NP 11-202 Receipt dated October 11, 2013
Offering Price and Description:
Advisor Series, Series F, Series FT6, Series C, Series CT6, Series L, Series LT6 and Series T6 Securities @ Net Asset Value
Underwriter(s) or Distributor(s):
Manulife Asset Management Limited
Manulife Asset Management Limited
Promoter(s):
Manulife Asset Management Limited
Project #2110169

Issuer Name:
PHX Energy Services Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 10, 2013
NP 11-202 Receipt dated October 10, 2013
Offering Price and Description:
$27,040,000.00 - 2,600,000 Common Shares
Price: $10.40 per Common Share
Underwriter(s) or Distributor(s):
PETERS & CO. LIMITED
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CORMARK SECURITIES INC.
FIRSTENERGY CAPITAL CORP.
Promoter(s):
-
Project #2118459

Issuer Name:
Pine Cliff Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 9, 2013
NP 11-202 Receipt dated October 9, 2013
Offering Price and Description:
$20,020,000.00 - 18,200,000 Common Shares
Price: $1.10 per Offered Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Clarus Securities Inc.
Altacorp Capital Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.
Haywood Securities Inc.
Jennings Capital Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #2118174

Issuer Name:
Purpose High Interest Savings ETF
Purpose Short Duration Emerging Markets Bond ETF
Purpose Short Duration Global Bond ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 7, 2013
NP 11-202 Receipt dated October 9, 2013
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
PURPOSE INVESTMENTS INC.
Project #2102985

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Cowan Asset Management Limited	Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	October 8, 2013
Name Change	From: AYAL Capital Advisors ULC To: AYAL Capital Advisors Limited	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	October 9, 2013
New Registration	MMCAP Management Inc.	Investment Fund Manager	October 10, 2013

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 CDCC – Notice of Commission Order - Fourth Variation to the Temporary Exemption Order

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

FOURTH VARIATION TO THE TEMPORARY EXEMPTION ORDER
(SECTION 144 OF THE *SECURITIES ACT* (ONTARIO))

NOTICE OF COMMISSION ORDER

On October 8, 2013 the Commission granted CDCC an order (Fourth Variation Order) pursuant to section 144 of the *Securities Act* (Ontario) (Act) further varying a temporary exemption order (Temporary Exemption Order) dated February 15, 2011, as varied and restated by the Commission pursuant to section 144 of the Act on February 14, 2012, February 26, 2013 and June 7, 2013. The Temporary Exemption Order exempts CDCC for an interim period from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency. The Fourth Variation Order amends the Temporary Exemption Order (as varied and restated) by extending CDCC's temporary exemption until the earlier of (i) the date that the Commission renders a further order recognizing CDCC as a clearing agency under subsection 21.2 (0.1) of the Act or exempting it from the requirement to be recognized as a clearing agency under section 147 of the Act and (ii) February 28, 2014.

A copy of the Fourth Variation Order is published in Chapter 2 of this Bulletin.

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