



December 5, 2018

VIA EMAIL AND COURIER

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

The Secretary
Ontario Securities Commission
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Fax: 416-593-2318
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Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Dear Sirs/Mesdames:

Re: Proposed National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure

The Canadian Securities Administrators recently published Proposed National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* (the “**Proposed Instrument**”) and Proposed Companion Policy 52-112 *Non-GAAP and Other Financial Measures Disclosure* (the “**Proposed Companion Policy**”) for comment. We appreciate the opportunity to provide feedback regarding the Proposed Instrument and Proposed Companion Policy.

We are generally supportive of the Proposed Instrument and Proposed Companion Policy, but have concerns with articles 3(b) and 7(2)(a) of the Proposed Instrument and the related provisions in the Proposed Companion Policy that require issuers to disclose financial measures presented in the primary financial statements (the “IFRS Measures”) with equal or greater prominence relative to comparable non-GAAP financial measures and capital management measures as described under the Proposed Instrument (the “Non-IFRS Measures”).

Based upon discussions with directors, officers, shareholders, institutional investors and securities analysts, it is clear to us that standard financial measures presented in the primary financial statements are not the primary measures being utilized by capital market participants to evaluate our business and assess our competitive position relative to our peers.

In the oil and natural gas industry, Non-IFRS Measures are important metrics that market participants use to assess financial and operational performance. In many cases, the Non-IFRS Measures are considered to be more useful and meaningful than related IFRS Measures. For example, cash provided by operating activities is largely ignored by the readers of our continuous disclosure documents. When assessing cash flow from operations, market participants are less concerned about the timing of accounts receivable collections or accounts payable fluctuations, and are far more interested in understanding the link between operating netbacks and cash flow.

We are generally supportive of the provisions of the Proposed Instrument and Proposed Companion Policy and think the following requirements are constructive:

- The requirement to label Non-IFRS Measures and distinguish nomenclature to avoid confusion between Non-IFRS Measures and comparable IFRS Measures;
- The requirement to caution readers that Non-IFRS Measures do not have any standardized meaning;
- The requirement to explain the rationale for changes to labels and the composition and calculation of Non-IFRS Measures;
- The restriction on Non-IFRS Measures to characterize adjusting items as 'non-recurring' or 'infrequent' when similar adjustments are reasonably likely to occur again;
- The requirement to provide reconciliations of Non-IFRS Measures to the most directly comparable IFRS Measures;
- The requirement to explain how Non-IFRS Measures provide useful information to a reasonable person and to explain the additional purposes, if any, for which management uses the non-IFRS financial measures; and
- The requirement to describe how capital management measures are calculated and to state that the accounting policies do not specify how the measure is calculated.

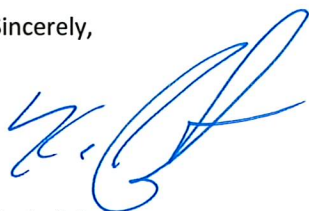
In our view, the above requirements provide sufficient transparency to ensure that market participants will not be misled by Non-IFRS Measures without the additional requirement that IFRS Measures be conveyed with equal or greater prominence. We think the prominence requirements lead to repetitive, more voluminous, lower quality disclosure, without any incremental benefits to market participants.

Our disclosure documents are reviewed by a broad range of individuals, with various levels of understanding of finance and accounting. IFRS Measures can often be as equally challenging to interpret as Non-IFRS Measures, especially for individuals who are less familiar with finance and accounting. Non-IFRS Measures may be easier to understand for those who are unfamiliar with complex accounting requirements but want to understand the profitability of a company without including, for example, the impact of unrealized corporate hedging gains or losses. We do not believe that equal prominence of IFRS and Non-IFRS Measures provides more meaningful information for users in many contexts.

Article 1.5 of the Companion Policy to National Instrument 51-102 requires the use of plain language. In our view, reporting comparable IFRS and Non-IFRS Measures in external disclosures with equal prominence results in confusion and repetitive disclosures. The MD&A must be written "through the eyes of Management" and to "discuss material information that may not be fully reflected in the financial statements" (NI 51-102F1 PART 1). If Management believes that Non-IFRS Measures should be given more emphasis over IFRS Measures, they should have the opportunity to present the information in such a manner so long as such disclosures are clear and transparent and are not misleading. A similar approach should be taken with respect to news releases, investor presentations and other disclosures where Non-IFRS Measures are discussed.

For the reasons discussed above, we believe the requirements set forth in Article articles 3(b) and 7(2)(a) of the the Proposed Instrument and the related provisions in the Proposed Instrument and Proposed Companion Policy should be removed.

Sincerely,



Kevin Johnston
Vice President, Accounting & Controller
Seven Generations Energy Ltd.