

**PROPOSED AMENDMENT
TO
ONTARIO SECURITIES COMMISSION RULE 41-501
GENERAL PROSPECTUS REQUIREMENTS**

PART 1 AMENDMENT

1.1 Amendment – Ontario Securities Commission Rule 41-501 *General Prospectus Requirements* is amended by:

- (a) deleting Item 3 of subsection 13.2(1) and substituting the following:
 - 3. Any technical report or certificate relating to oil and gas properties prepared in accordance with National Policy Statement No. 2-B *Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators* that was not previously filed, if the preliminary prospectus is filed on or before June 30, 2005, the issuer is engaged in oil and gas activities (as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*) and:
 - (i) the issuer has not filed and is not required to have filed (alone or in the preliminary prospectus or as part of another filed document) the statement referred to in Item 1 of section 2.1 of National Instrument 51-101;
 - (ii) the preliminary prospectus does not include and is not required to include audited financial statements for a financial year ended on or after December 31, 2003;
 - (iii) if the preliminary prospectus is filed on or before March 30, 2004 for an initial public offering of securities, it does not include financial statements for a financial year or interim period that ends on or after December 31, 2003; and
 - (iv) if the preliminary prospectus is filed after December 31, 2003 and during the issuer's first financial year, it does not include financial statements for an interim period that ends on or after December 31, 2003.
- (b) deleting Item 8 of subsection 13.3(1) and substituting the following:
 - 8. Any technical report or certificate relating to oil and gas properties prepared in accordance with National Policy Statement No. 2-B that was not previously filed, if the prospectus is filed on or before June 30, 2005, the issuer is engaged in oil and gas activities (as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*) and:
 - (i) the issuer has not filed and is not required to have filed (alone or in the prospectus or as part of another filed document) the statement referred to in Item 1 of section 2.1 of National Instrument 51-101;
 - (ii) the prospectus does not include and is not required to include audited financial statements for a financial year ended on or after December 31, 2003;
 - (iii) if the prospectus is filed on or before March 30, 2004 for an initial public offering of securities, it does not include financial statements for a financial year or interim period that ends on or after December 31, 2003; and
 - (iv) if the prospectus is filed after December 31, 2003 and during the issuer's first financial year, it does not include financial statements for an interim period that ends on or after December 31, 2003.
- (c) deleting Item 9(i) of subsection 13.3(1) and substituting the following:
 - (i) deals with a mineral project or oil and gas activities of the issuer; and

PART 2 EFFECTIVE DATE

2.1 Effective Date – This amendment comes into force on September 30, 2003.

**PROPOSED AMENDMENT
TO
ONTARIO SECURITIES COMMISSION FORM 41-501F1
INFORMATION REQUIRED IN A PROSPECTUS**

PART 1 AMENDMENT

1.1 Amendment – Ontario Securities Commission Form 41-501F1 *Information Required in a Prospectus* is amended by:

- (a) adding to the initial instructions the following:
 - (11) *Disclosure in a prospectus must be consistent with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities if the issuer is engaged in oil and gas activities (as defined in National Instrument 51-101) and:*
 - (a) *has filed or is required to have filed (or has included or is required to have included in another filed document) audited annual financial statements for a financial year that ends on or after December 31, 2003;*
 - (b) *has, prior to the date on which it is required to have filed audited financial statements for a financial year that ends on or after December 31, 2003, filed or is required to have filed (or has included or is required to have included in another filed document) the statement referred to in Item 1 of section 2.1 of National Instrument 51-101;*
 - (c) *is filing a preliminary prospectus or prospectus:*
 - (i) *that includes or is required to include audited financial statements for a financial year ended on or after December 31, 2003;*
 - (ii) *after March 30, 2004 for an initial public offering of securities, and the prospectus includes financial statements for a financial year or interim period that ends on or after December 31, 2003; or*
 - (iii) *after December 31, 2003 and during the issuer's first financial year, and the prospectus includes financial statements for an interim period that ends on or after December 31, 2003; or*
 - (d) *indicates in the prospectus that information disclosed therein is presented in accordance with National Instrument 51-101.*
- (b) amending Item 6 by:
 - (a) adding after "operations," in the preamble to Item 6.4:

unless Item 6.5 applies,
 - (b) adding after Item 6.4 the following:

6.5 Issuers with Oil and Gas Activities

This Item 6.5 applies if the issuer is engaged in oil and gas activities (as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*) and:

- (a) has filed or is required to have filed (or has included or is required to have included in another filed document) audited annual financial statements for a financial year that ends on or after December 31, 2003;
- (b) has, prior to the date on which it is required to file audited financial statements for a financial year that ends on or after December 31, 2003, filed (or included in another filed document) the statement referred to in Item 1 of section 2.1 of National Instrument 51-101;
- (c) is filing the prospectus:

- (i) including audited financial statements for a financial year ended on or after December 31, 2003;
 - (ii) after March 30, 2004 for an initial public offering of securities, and the prospectus includes financial statements for a financial year or interim period that ends on or after December 31, 2003; or
 - (iii) after December 31, 2003 and during the issuer's first financial year, and the prospectus includes financial statements for an interim period that ends on or after December 31, 2003; or
- (d) indicates in the prospectus that information disclosed therein is presented in accordance with National Instrument 51-101.

1. Reserves Data and Other Information

- (a) Disclose the information prescribed by Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*:
- (i) as at the end of, and for, the most recent financial year for which the prospectus includes an audited balance sheet of the issuer; or
 - (ii) in the absence of a completed financial year referred to in clause (i), as at the most recent date for which the prospectus includes an audited balance sheet of the issuer, and for the greatest portion of the financial year that includes the date of that balance sheet and for which the prospectus includes an audited income statement of the issuer.
- (b) To the extent not reflected in the information disclosed in response to paragraph (a), disclose the information contemplated by Part 6 of National Instrument 51-101, in respect of material changes that occurred after the applicable balance sheet date referred to in paragraph (a).

2. Report of Qualified Reserves Evaluator or Auditor

Include with the information disclosed under section 1 the report of one or more qualified reserves evaluators or qualified reserves auditors, referred to in Item 2 of section 2.1 of National Instrument 51-101, on the reserves data included in the disclosure provided under paragraph 1(a) of this Item.

3. Report of Management and Directors

Include with the information disclosed under section 1 the report of management and directors, referred to in Item 3 of section 2.1 of National Instrument 51-101, relating to that information.

INSTRUCTION

The issuer may require the written consent of a qualified reserves evaluator or qualified reserves auditor to disclose information in this Form, pursuant to section 5.7 of National Instrument 51-101.

PART 2 EFFECTIVE DATE

2.1 Effective Date – This amendment comes into force on September 30, 2003.