

ALBERTA SECURITIES COMMISSION

STAFF NOTICE 51-701

**National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*
Disclosure of Estimates by Income Trusts and Other Flow-Through Entities in Light of
Proposed Amendments to the *Income Tax Act* (Canada)****December 19, 2006**

We are publishing this notice in response to inquiries we have received from the petroleum evaluation community on reporting of estimates of future net revenue under National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) in light of the proposal announced on October 31, 2006 by the federal Minister of Finance to amend the *Income Tax Act* (Canada) to change the taxation of income trusts and other publicly-traded flow-through entities.

Staff at the Alberta Securities Commission expect all disclosure of estimates relevant to NI 51-101 that reflect tax assumptions, such as estimates of after-tax future net revenue, to be based on applicable tax laws in effect or substantively enacted at the effective date of the estimate. We do not generally consider it appropriate to disregard existing tax laws in favour of proposed tax changes unless there is persuasive evidence that the proposed changes are substantively enacted as at the effective date of the estimate. This position is consistent with that of the Handbook of the Canadian Institute of Chartered Accountants which comments as follows:

“Persuasive evidence that a change in tax law or tax rates is substantively enacted would usually exist only when the proposed change is specified in sufficient detail to be understood and applied in practice, has been drafted in legislative or regulatory form and has been tabled in Parliament or presented in Council.”¹

Issuers should consider accompanying such estimates with cautionary information alerting the reader to the proposed tax changes and indicating their potential effects on the issuer or the fact that they could affect the issuer.

Issuers and evaluators should consult their advisors as to the status of the tax proposals and their likely application to a particular issuer.

Questions

If you have any questions regarding this matter please contact:

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¹ Canadian Institute of Chartered Accountants Handbook Section 3465.58