

December 1, 2010

To Reporting Issuer Clients:

Re: **IFRS First Quarter (“Q1”) Financial Reporting**

International Financial Reporting Standards (“IFRS”) have now replaced Canadian Generally Accepted Accounting Principles (“CGAAP”) and the 2010 IFRS transition date opening statement of financial position (formerly known as the balance sheet) must be included in public company filings on Canadian stock exchanges in the 2011 Q1 filings. For Q1’s ending March 31, 2011 the filings are due by June 14, 2011 for non-venture issuers and June 29, 2011 for venture issuers. Failure to include the transition date opening statement of financial position will constitute a significant financial statement filing default and will result in a cease trade order. The one-time 30 day filing extension is not available for subsequent filings.

Key items to remember in your 2011 Q1 IFRS financial reporting:

1) You **MUST** include an opening 2010 IFRS statement of financial position in your Q1 report. Consider having this statement audited as part of your Q1 filing. Why?

- ✓ Canadian securities commissions are concerned about investor confidence. Investors need to understand the difference in financial performance due to the change in accounting standards from CGAAP to IFRS.

“Issuers should ensure that the financial information released in the first three quarters of 2011 is accurate and will not require restatement after the annual audit”

- ✓ Auditor involvement in the Q1 filing reduces the chance of significant differences arising between 2011 interim reporting and the 2011 annual filing.

2) The 2011 Q1 IFRS filing **MUST** include:

i)

Statements of financial position are to be presented in the first IFRS interim financial report for CALENDAR year-end companies as follows:		
First interim reporting date March 31, 2011	Comparative reporting date December 31, 2010	Transition date January 1, 2010

ii) *Presentation currency and functional currency* - IFRS requires that presentation currency always be prominently displayed on the face of the financial statements. Functional currency should be disclosed in the notes to the financial statements to the extent that it differs from an issuer’s presentation currency. Foreign currency accounting under IFRS is much different than CGAAP and it is expected that most issuers will experience a change in their financial reporting due to these accounting differences.

- iii) *Presentation of statement of cash flows* – Interim IFRS statements of cash flows report numbers for the year-to-date period and the corresponding comparative period only.
- iv) *Significant accounting policies* – Disclosure of all changes to the CGAAP significant accounting policies contained in the comparative audited financial statements to the IFRS policies presented in the 2011 Q1 financial statements. Discussion of management’s significant judgments made in the application of IFRS should also be disclosed.

“Issuers must include an unreserved statement of compliance with IAS 34 – Interim Financial Reporting in their first IFRS interim financial report.”

- v) *International Financial Reporting Standard 1 (“IFRS 1”) First-time Adoption of international financial reporting standards note disclosure* – Disclosure of the IFRS 1 exemptions and elections that were considered in the transition from CGAAP to IFRS should be provided in the 2011 Q1 financial statements. This disclosure should be provided even if there were no IFRS1 exemptions or disclosures taken. Where there are changes the note **MUST** include CGAAP to IFRS reconciliations of equity and comprehensive earnings for each of the three statements of financial position.

3) Other IFRS Reporting Changes:

- ✓ *Retroactive restatement of comparative periods* - An opening statement of financial position **MUST** be presented in both the annual and interim financial reports when the issuer restates or reclassifies comparatives.
- ✓ *Additional GAAP Measures Required by IFRS* - IFRS mandates certain minimum line items for financial statements and requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of an issuer’s financial position and performance.
- ✓ *Explanatory note disclosures* – IFRS requires expanded footnote disclosure for individual areas contained in IFRS financial statements including discussion of management’s key assumptions used in accounting estimates and continuity schedules for long-lived assets and provisions.
- ✓ *CEO/CFO certifications* - The standard certification form has been revised to include IFRS terminology, so issuers should ensure they are filing the most recent form with their first IFRS filing.

Discuss the information contained in this notice during your final 2010 CGAAP year end audit and plan to get your 2011 Q1 Interim Financial Reports right the first time.