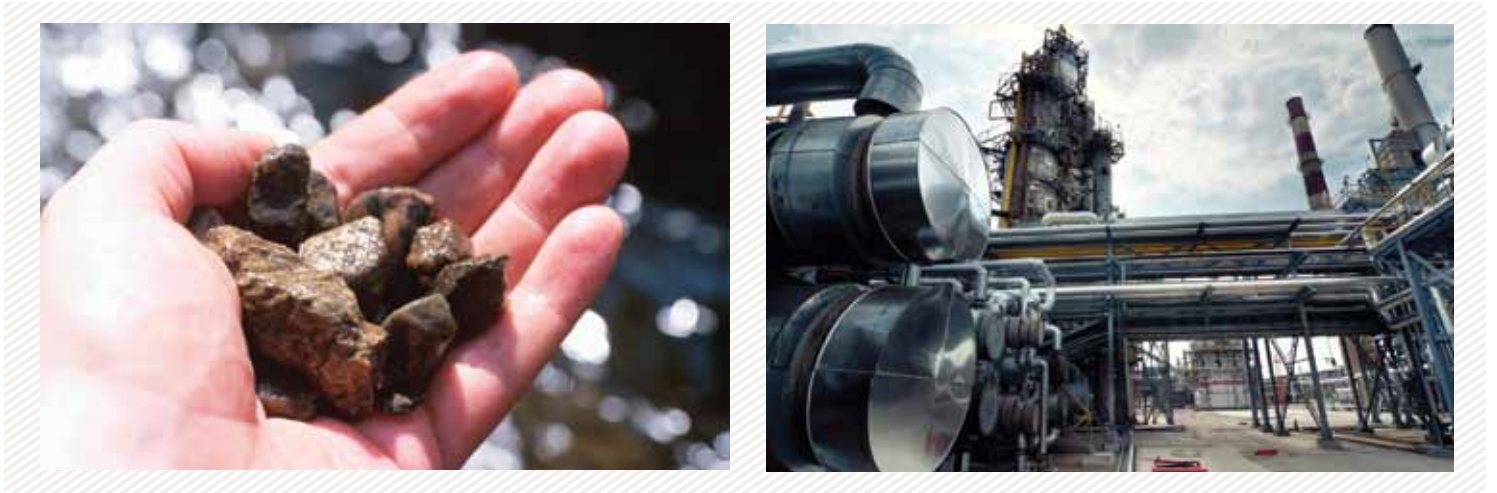


ENERGY AND NATURAL RESOURCES





▶ IN THE FACE OF MANY CHALLENGES AND OPPORTUNITIES IN THE ENERGY AND NATURAL RESOURCES SECTOR, YOU NEED KNOWLEDGEABLE BUSINESS ADVISORS TO HELP YOUR ORGANIZATION SUCCEED.



BDO can offer you customized solutions on structuring complex international projects, tax minimization strategies, financing and understanding evolving accounting standards.

Serving the energy and resources industry

Increased market volatility and risks are driven by economic and financial uncertainty. While financing becomes increasingly difficult to obtain, regulatory and tax changes continue to be complex and drive additional costs to running your business. Fluctuating international demand has made pricing more volatile, driving prices higher in some sectors, as others continue to deal with overcapacity. Financial products like income trusts have come and gone, and other financial and tax opportunities are still being developed.

Mining

More and more mining companies are exploring investments in emerging markets, attracted by quality 'unmined' reserves and lower labour costs. A key driver for future success depends on improving performance and operational efficiency, securing new supply, and complying with changing regulatory, reporting and tax requirements. To reap the benefits, mining companies need the services of a trusted adviser with specialized, relevant, local knowledge in the countries in which they operate — supported by a global network of professionals with mining expertise. Our team brings country-specific advice to companies that need to efficiently administer multiple operations within and across varying social and business cultures.

Oil and gas

Many of the same international issues face oil and gas companies. At BDO, we have experience working with clients in the upstream, midstream and downstream segments of the industry. Our Canadian oil and gas team is based out of Calgary, with clients

including major junior oil and gas exploration and services companies that operate internationally. This market is very active, especially with Oil Sands development, more cross border activity and capital markets. We work with our fellow BDO Member Firm in the US to continually help Canadian and US companies obtain listings in Canada. Our Calgary office in particular works closely with BDO's American global oil and gas practice based in Houston, Texas. The international BDO network enables us to provide a full range of services tailored to help our clients address the changing needs of energy industry companies in exploration and production, gas marketing, oilfield services, pipeline/transportation and refineries.

Alternative energy

The alternative energy sector has seen significant growth in a relatively short time. BDO has considerable industry insight and experience across all aspects of this sector, from investment vehicles to developers and associated support services. By understanding the challenges that our clients face from an industry perspective, we can be more proactive in delivering relevant, focused and practical advice, making a considerable difference to their businesses. We are experienced in providing assurance, accounting, tax, advisory services, financial modelling, and risk advisory services across the energy, waste recycling and utilities sectors.

There has also been significant private and public investment in new technologies spurred by Pan-European emissions targets, the rising cost of oil and gas, and the increasing demand from developing economies. We have helped our clients raise capital and execute their business plans while maintaining high standards of governance and financial control.

BDO's energy and natural resources practice

We understand the issues affecting your business — whether gaining access to capital, responding to the need for heightened risk management, managing elevated investor expectations, reacting to changing market trends, or dealing with the pressure to increase profitability. BDO can offer you customized solutions on structuring complex international projects, tax minimization strategies, financing and understanding evolving accounting standards.

Our team includes domestic and international tax specialists, Chartered Business Valuators, GST/HST experts, transfer pricing specialists, systems consultants, risk management professionals, business process consultants and financial advisors and assurance specialists.

We provide a full range of services tailored to help clients address the changing needs of their companies in key segments of the industry, whether they work in exploration, production or service. For several decades, we have worked with over 4,000 clients in Canada and many more across the globe. Our team has the expertise to help you devise, plan, and implement business and financial strategies to accomplish your goals.

Our international practice has centres in London, Houston, Perth, Johannesburg, Toronto, Montreal, Calgary and Vancouver and over 50 other countries. Our strong international BDO network enables us to better serve our clients with operations worldwide.

Involved in the industry

We have extensive experience in the energy and natural resources sector, working closely with clients as their auditors, tax and/or corporate finance advisors. Our active participation in a multitude of international organizations enables us to be responsive to emerging industry issues. Our industry involvement specifically in Canada includes:

- Prospectors and Developers Association of Canada
- Mining Association of Canada
- Small Explorers and Producers Association of Canada
- Canadian Association of Petroleum Producers

Audit and assurance

Today, many Canadian companies like yours are left dealing with multiple accounting standards. Whether you're adopting International Financial Reporting Standards (IFRS), Accounting Standards for Private Enterprises, (ASPE), or converting from US or Canadian Generally Accepted Accounting Principles (GAAP), the challenges and implications of changing your accounting standards are significant. Our assurance and business advisory professionals can assist you with the services and methodologies designed to make the transition as smooth and as timely as possible.

Beyond year-compliance assistance and advice on GAAP, we also offer specialized assurance services, including:

- Annual audits
- Review of interim financial statements and quarterly reports
- Advice to management and audit committees
- Internal control over financial reporting
- IFRS conversion support and assurance
- Due diligence
- Local statutory audits in foreign jurisdictions

Tax

Our professionals understand that tax planning can be a major factor in the success or failure of a project. As such, we use specialized industry knowledge to develop specific plans that can reduce and defer taxes for your unique business situation. Our tax specialists invest in developing strategies and innovative ideas to help our clients minimize their tax burden, while complying with domestic and international tax laws, including:

- Tax effective structures for Canadians investing in the United States and abroad
- Tax effective structures for non-residents investing in Canada
- Tax loss planning
- Maximizing resource deductions and allowances



Whether you're adopting International Financial Reporting Standards (IFRS), Accounting Standards for Private Enterprises, (ASPE), or converting from US or Canadian Generally Accepted Accounting Principles (GAAP), the challenges and implications of changing your accounting standards are significant.



BDO has a suite of advisory services, many tailored to the energy and natural resources industry to help you drive your business and profitability.

- Maximizing provincial resource credit claims
- GST and HST planning
- Transfer pricing strategies for international organizations

To help our clients meet their tax compliance obligations, we also offer a comprehensive list of related services, including:

- Corporate tax returns and filings
- Non-resident income tax and information returns
- US corporate and partnership tax returns including state and other jurisdictions
- Advanced tax rulings, objections and voluntary disclosures

Advisory

BDO has a suite of advisory services, many tailored to the energy and natural resources industry to help you drive your business and profitability:

Scientific Research and Experimental Development (SR&ED)

Companies like yours in the energy and natural resources industry are under constant pressure to improve recoveries and minimize costs, as well as overcome significant constraints, such as energy usage during enhanced recovery development. As a result, it is vital to develop or significantly improve processes, tools and equipment accordingly. The SR&ED program provides deductions and significant investment tax credits on qualifying costs.

BDO has the expertise to help your team ensure it can take advantage of the credits available. Despite its complexity, the program can be used to help companies in the energy and natural resources industry with the tax costs for innovations. Some areas that may apply include:

- The design and development of mining and oil and gas equipment and tools
- Investigations related to the development of new — or the improvement of existing — processes, or of new techniques to improve the finish quality, durability and efficiency
- The design and integration development of new energy sources, such as fuel cells, solar and wind
- Hydraulic and geotechnical analysis

Valuation

Our professionals include Chartered Business Valuators, Chartered Financial Analysts and capital asset appraisers with proven track records in valuing energy and natural resources companies and their assets. They offer assistance in:

- Financings and working capital needs
- Sales, mergers and acquisitions
- Corporate reorganizations
- Purchase price allocations
- Fair value reporting, including valuation of intangible assets and goodwill
- Impairment assessments under IFRS and ASPE
- Formal valuations and fairness opinions for securities purposes

Risk advisory

Our risk advisory team offers a spectrum of services aimed at the three major areas of concern to many energy natural resources companies.



Business process enhancement

In a very competitive market with a shortage of labour and ever-increasing costs, our clients need to know they are utilizing every opportunity to keep down expenses and meet deadlines. Our services include:

- Operational performance assessment
- Business process and technology integration
- Business process improvement and reengineering
- Project management office reviews
- Financial analysis and modeling
- Benchmarking and best practice analysis

Internal audit services

Growing businesses must move swiftly to take advantage of opportunities, while simultaneously assuring themselves, shareholders, lending institutions and legislature that their internal processes and controls are secure and comply with strict regulatory environment rules. Our services include:

- Regulatory and compliance
- Enterprise risk management
- Internal audit function reviews, setup and evaluation

Technology, risk and security

As technology continually changes, so do the underlying risks of these new advancements. A company's information technology (IT)

is a strategic asset that needs to be managed effectively and efficiently. BDO's IT services include:

- Service Auditor's Reports
- Enterprise security
- Business continuity and disaster recovery
- IT controls design and evaluation
- Data management services
- IT service management, IT governance, IT assurance

Litigation support

We regularly provide expert witness services in commercial disputes, insurance claims, securities legislation, shareholder/estate disputes, civil litigation, fraud, expropriations, class action matters, tax valuation disputes and professional negligence claims. Our strengths lie in analyzing and simplifying complicated financial issues to facilitate settlement discussions or provide independent expert evidence in court, arbitration or mediation, or in an alternative dispute resolution setting. Our services include:

- Providing expert testimony
- Quantifying financial losses and/or economic damages
- Assessing the value of an asset, security or business interest
- Identifying other experts that are relevant to loss calculations, e.g. machinery and equipment appraisers, actuaries, compensation experts
- Preparing expert reports and reviewing opposing expert reports

BDO Solutions

Partnering with Microsoft, we have successfully implemented over 1,000 projects for companies looking to increase functionality in their financial and customer relationship management. We have undertaken many mission critical assignments for our clients ranging from business strategies and operation reviews to implementing Microsoft Dynamics GP, NAV and CRM.

About BDO

The international BDO network is comprised of public accounting firms around the world, called BDO Member Firms. We are the fifth largest accounting and advisory network in the world, with a full range of related services tailored to each respective locale. As part of this worldwide network, our Canadian member firm has access to more than 1,000 offices in over 100 countries.

BDO in Canada is one of the country's leading accounting and advisory firms with 95 offices nationwide. We have the expertise to serve owner-managed, large and mid-market companies, communities and non-profits in a broad range of industries. With a team of almost 2,400 partners and professionals, we can help you expand your business into new markets and make your mark with new successes.

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