TOSCANA
CAPITAL CORPORATION

January 9, 2009

International Accounting Standards Board
30 Cannon Street
London, United Kingdom EC4M 6XH

Dear Sirs:

Re: Comment on Exposure Draft for IFRS 1 Amendment

Toscana Capital Corporation is a private capital provider engaged in the business of lending and providing mezzanine financing to clients primarily engaged in the business of oil and gas exploration and production in Canada. All of Toscana's clients engaged in the business of oil and gas exploration and production currently use the full cost method of accounting for fixed asset accounts. As lenders, we have found this method of accounting to be well understood and consistently applied by Canadian oil and gas companies. We have also found this method of accounting to appropriately reflect the nature of the underlying business and provide the information necessary for our requirements as lenders (although we also rely heavily upon independent reservoir engineering reports and our own reserve assessments).

We do not believe requiring Canadian oil and gas exploration and production companies to effectively re-cast their historical financial statements for prior periods to reflect retroactive application of the existing IFRS rules would provide meaningful information to us as lenders to such companies. We are also concerned about the significant resources which might be required to be expended by our clients in order to comply with IFRS as currently published, given the fact we see little or no value in having this historical information re-cast under IFRS. In discussion with our clients, and based on our knowledge of their business, we believe conversion to IFRS, as currently published, would cause the Canadian oil and gas industry to enter into a very costly and, in many cases, almost impossible process of recreating detailed historic records as at the transition date due to unavailable and/or potentially unverifiable documentation of past activities together with the increased need to use more subjective estimates. As investors and bankers, we would derive little or no benefit from this exercise as we rely heavily primarily upon independently determined oil and natural gas reserve reports, including related discounted and undiscounted values. Thus, a costly conversion process to recreate the historic exploration and evaluation costs and property, plant and equipment accounts would have little or no economic benefit to us as stakeholders.

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As outlined in the Canadian joint industry associations submission of January 30, 2008 to Mr. Paul Cherry, Chair of the Accounting Standards Board at the Canadian Institute of Chartered Accountants and to Ms. Liz Hickey, Director of Technical Activities at the International Accounting Standards Board, it was requested that the IASB consider amending IFRS 1 to allow the historic net book value of the fixed assets accounts to be allocated at the IFRS transition date between exploration and evaluation assets and property, plant and equipment, subject to capitalization limits imposed by impairment testing.

Our company strongly endorses the exemption for full cost oil and gas companies as specifically outlined in the September 25, 2008 IASB Exposure Draft titled "Additional Exemptions for First-time Adopters – Proposed amendments to IFRS 1". Attached are our detailed responses to the questions posed in the Exposure Draft.

Yours truly,

Brian J.W. Mellum, CFA
Managing Director
Attachment

Q1 - Deemed cost for oil and gas assets

Do you agree with the proposed deemed cost options for entities using full cost accounting under previous GAAP? Why or why not? If not, what alternative do you propose and why?

We agree with and strongly endorse the proposed deemed cost option as all of our clients with which we have consulted are unanimous in supporting this position. As outlined previously in the covering letter, all of our clients engaged in the business of oil and gas exploration and production use the full cost method of accounting for their fixed asset accounts. All capitalized costs have all been recorded in country-by-country cost centres, or pools. Once costs are added to each country pool, they lose their identity and are no longer identified with specific assets for either accounting or income tax purposes.

Conversion to IFRS, as currently published, would cause the Canadian oil and gas industry to enter into a very costly and, in many cases, almost impossible process of recreating detailed historic records as at the transition date due to unavailable and/or potentially unverifiable documentation of past activities together with the increased need to use more subjective estimates. As investors and bankers to companies engaged in the Canadian oil and gas industry, we rely heavily on independently determined oil and natural gas reserve reports, including related discounted and undiscounted values, a costly conversion process to recreate the historic exploration and evaluation costs and property, plant and equipment accounts would have little or no benefit to us as stakeholders.

Q2 - Oil and gas assets - disclosure

Do you agree with the proposed disclosure requirements relating to the deemed cost option for oil and gas assets? Why or why not?

We agree with the proposed disclosure requirements relating to the deemed cost options for oil and gas assets. Disclosure of the election to use the exemption outlined in the exposure draft, and the basis of carrying value allocations to the new categories of fixed asset accounts provides stakeholders with the information to understand the effects of the transition from the previous GAAP to IFRS.

Q3 – Deemed cost for operations subject to rate regulation

Do you agree with the proposed deemed cost option for entities with operations subject to rate regulation? Why or why not? If not, what alternative do you propose and why?

No comment

Q4 – Leases

Do you agree with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in this exposure draft? Why or why not?

No comment

Q5 – Assessments under previous GAAP before the date of transition to IFRSs

Do you agree that the situation referred to in Question 4 is the only one in which additional relief of this type is needed? If not, in what other situations is relief necessary and why?

No comment