

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC,
PRINCE EDWARD ISLAND, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND,
THE NORTHWEST TERRITORIES, NUNAVUT AND THE YUKON

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF CAUSEWAY ENERGY CORPORATION,
BUSHMILLS ENERGY CORPORATION AND
PANCANADIAN PETROLEUM LIMITED

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Prince Edward Island, New Brunswick, Newfoundland, Nova Scotia, the Northwest Territories, Nunavut and the Yukon (the "Jurisdictions") has received an application from Causeway Energy Corporation ("Causeway"), Bushmills Energy Corporation ("Bushmills") and PanCanadian Petroleum Limited ("PCPL") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1.1 the requirement contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Prospectus Requirement") shall not apply to certain trades of securities to be made in connection with an arrangement;

1.2 the Prospectus Requirement shall not apply to first trades of rights of Bushmills to be issued in connection with a rights offering and first trades of common shares to be issued upon the exercise of rights to be issued in connection with a rights offering; and

1.3 Bushmills be deemed or declared to be a reporting issuer under the Legislation in British Columbia, Saskatchewan and Nova Scotia;

2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS Causeway, Bushmills and PCPL have represented to the Decision Makers that:

3.1 Causeway is a corporation incorporated under the *Business Corporations Act* (Alberta) (the "ABCA");

3.2 the head office of Causeway is in Calgary, Alberta;

3.3 the authorized capital of Causeway includes an unlimited number of common shares ("Causeway Shares");

3.4 as of July 23, 2001, there were 23,983,103 Causeway Shares and 1,673,000 options to purchase Causeway Shares ("Causeway Options") outstanding;

3.5 the Causeway Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

3.6 Causeway is a reporting issuer or the equivalent under the Legislation in British Columbia, Alberta, Ontario and Québec and has been for a period in excess of twelve months;

3.7 Bushmills is a corporation incorporated under the ABCA;

3.8 the head office of Bushmills is in Calgary, Alberta;

3.9 the authorized share capital of Bushmills includes an unlimited number of common shares ("Bushmills Shares");

3.10 there are two Bushmills Shares outstanding, both of which are held by Causeway;

3.11 the Bushmills Shares are not listed on any stock exchange nor traded on any market;

3.12 Bushmills is not a reporting issuer or the equivalent in any of the Jurisdictions;

3.13 PCPL is a corporation subsisting under the *Canada Business Corporations Act*;

3.14 the head office of PCPL is in Calgary, Alberta;

3.15 Causeway, Bushmills and PCPL propose to conduct an arrangement under the ABCA (the "Arrangement");

3.16 the net effect to the Arrangement will be that holders of Causeway Shares will receive \$2.58 in cash and one-fifth of one Bushmills Share for each Causeway Share held by them;

3.17 the Arrangement will involve various trades (the "Arrangement Trades"), the net effect of which will be as follows:

3.17.1 PCPL will acquire all of the outstanding Causeway Shares for \$2.58 in cash per share and the issuance by PCPL of a promissory note (the "PCPL Note") in favour of all of the holders of Causeway Shares;

3.17.2 Causeway will transfer certain assets to Bushmills in exchange for, among other things, 5,040,221 Bushmills Shares, subject to adjustment;

3.17.3 Causeway will commence dissolution and winding-up and the Bushmills Shares held by it will be transferred to PCPL; and

3.17.4 PCPL will transfer the Bushmills Shares acquired by it from Causeway to the former holders of the Causeway Shares in exchange for the PCPL Note;

3.18 holders of Causeway Options will only be able to receive consideration under the Arrangement to the extent that they exercise the Causeway Options held by them to acquire Causeway Shares;

3.19 the Arrangement is subject to the approval of the holders of Causeway Shares and Causeway Options and the Court of Queen's Bench of Alberta;

3.20 a special meeting of the holders of Causeway Shares and Causeway Options (the "Meeting") will be held on August 27, 2001 to approve the Arrangement;

3.21 an information circular (the "Circular") prepared in accordance with the Legislation has been provided to the holders of Causeway Shares and Causeway Options in connection with the Meeting;

3.22 the Circular contains prospectus level disclosure concerning the Arrangement, the assets and operations of Causeway and the proposed assets and operations of Bushmills;

3.23 the holders of Causeway Shares will be afforded dissent rights under section 184 of the ABCA with respect to the Arrangement;

3.24 the senior officers of Bushmills are comprised of individuals who are currently the senior officers of Causeway and the directors of Bushmills include individuals who are currently directors of Causeway;

3.25 following completion of the Arrangement, Bushmills intends to offer (the "Rights Offering") holders of Bushmills Shares rights to acquire additional Bushmills Shares (the "Bushmills Rights");

3.26 under the Rights Offering, holders of Bushmills Shares will receive one Bushmills Right for every Bushmills Shares held by them;

3.27 every four Bushmills Rights will be exercisable to acquire a Bushmills Share at a price of \$1.50;

3.28 Bushmills will distribute Bushmills Rights to holders of Bushmills Shares resident in Alberta, British Columbia, Ontario and Nova Scotia under a rights offering circular prepared in accordance with the Legislation in those Jurisdictions and in reliance on exemptions from the Registration Requirement and Prospectus Requirement contained in the Legislation of those Jurisdictions;

3.29 as the holders of Bushmills Shares resident in the Jurisdictions outside of Alberta, British Columbia, Ontario and Nova Scotia (the "Non-Qualifying Shareholders") will not, in the aggregate, represent 5% or more of the total number of holders of Bushmills Shares following completion of the Arrangement or hold 5% or more of the total number of Bushmills Shares that will be outstanding following the Arrangement, Bushmills will not distribute Bushmills Rights to the Non-Qualifying Shareholders under the Rights Offering. Instead, the subscription agent under the Rights Offering will retain the Bushmills Rights otherwise issuable to the Non-Qualifying Shareholders, sell them privately or on the TSE and provide the net proceeds to the Non-Qualifying Shareholders;

3.30 the TSE has granted conditional listing approval to the Bushmills Shares to be issued in connection with the Arrangement;

3.31 Bushmills has applied to the TSE to list the Bushmills Rights to be issued under the Rights Offering and the Bushmills Shares issuable upon the exercise of the Bushmills Rights;

3.32 Bushmills will become a reporting issuer or the equivalent in Alberta and Québec as a result of the Arrangement and in Ontario as a result of having its securities listed on the TSE;

3.33 there are no exemptions from the Registration Requirement and Prospectus Requirement available under the Legislation of certain of the Jurisdictions to permit Causeway, Bushmills and PCPL to conduct the Arrangement Trades;

3.34 the first trade of Bushmills Rights issued under the Rights Offering and the first trade of Bushmills Shares issued upon the exercise of Bushmills Rights issued under the Rights Offering would be subject to the Prospectus Requirement in certain of the Jurisdictions unless Bushmills has been a reporting issuer or the equivalent in the applicable Jurisdiction for a period of twelve months at the date of the trade;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the Legislation is that the Arrangement Trades shall not be subject to the Registration Requirement and the Prospectus Requirement, provided that the first trade of Bushmills Shares acquired by the former holders of Causeway Shares in connection with the Arrangement shall be deemed to be a distribution or primary distribution to the public under the Legislation of the Jurisdiction or Jurisdictions where the trade takes place (the "Applicable Legislation") unless:

6.1 if Bushmills was a reporting issuer or the equivalent under the Applicable Legislation following completion of the Arrangement, it is a reporting issuer or the equivalent under the Applicable Legislation at the time of the trade;

6.2 no unusual effort is made to prepare the market or create a demand for the security;

6.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

6.4 if the seller of the security is an insider or officer of Bushmills, the seller has no reasonable grounds to believe that Bushmills is in default of any requirement of the Applicable Legislation; and

6.5 except in Québec, the trade is not a trade from the holdings of any person or company or any combination of persons or companies holding a sufficient number of any securities of Bushmills so as to materially affect the control of Bushmills or more than 20% of the outstanding voting securities of Bushmills, except where there is evidence showing that the holdings of those securities does not affect materially the control of Bushmills;

7. THE FURTHER DECISION of the Decision Makers under the Legislation is that the first trade of Bushmills Rights issued under the Rights Offering and the first trade of Bushmills Shares issued upon the exercise of Bushmills Rights issued under the Rights Offering shall not

be subject to the Prospectus Requirement under the Legislation of the Jurisdiction or Jurisdictions where the trade takes place (the "Relevant Legislation") provided that:

7.1 if Bushmills was a reporting issuer or the equivalent under the Relevant Legislation following completion of the Arrangement, it is a reporting issuer or the equivalent under the Relevant Legislation at the time of the trade;

7.2 no unusual effort is made to prepare the market or create a demand for the security;

7.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

7.4 if the seller of the security is an insider or officer of Bushmills, the seller has no reasonable grounds to believe that Bushmills is in default of any requirement of the Relevant Legislation; and

7.5 except in Qu_顛c, the trade is not a trade from the holdings of any person or company or any combination of persons or companies holding a sufficient number of any securities of Bushmills so as to materially affect the control of Bushmills or more than 20% of the outstanding voting securities of Bushmills, except where there is evidence showing that the holdings of those securities does not affect materially the control of Bushmills;

8. THE FURTHER DECISION of the Decision Makers in British Columbia, Saskatchewan and Nova Scotia is that Bushmills is deemed or declared to be a reporting issuer under the Legislation in British Columbia, Saskatchewan and Nova Scotia.

DATED this 24th day of August, 2001.

"original signed by"
James E. Allard, Member

"original signed by"
John W. Cranston, Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 116(1) of the Act from the registration and prospectus requirements under sections 54 and 81 of the Act with respect to trades made in connection with an arrangement and first trades of securities issued in connection with a concurrent rights offering.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended - ss. 54, 81, 116(1) and 116(1.1)