

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, MANITOBA, ONTARIO, PRINCE EDWARD ISLAND,
NOVA SCOTIA AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
ENERPLUS RESOURCES FUND AND ENERMARK INCOME FUND

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Manitoba, Ontario, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") has received a joint application from Enerplus Resources Fund ("Enerplus") and EnerMark Income Fund ("EIF") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security, to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Registration and Prospectus Requirements") shall not apply to the proposed issuance of merger units ("Merger Units") to EIF and the issuance and resale of trust units of Enerplus ("Enerplus Trust Units") to the holders of trust units of EIF ("EIF Unitholders") in connection with a proposed merger (the "Merger") among Enerplus and EIF (collectively, the "Funds"), the principal terms of which are set forth below;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Application (the "System"), the Alberta Securities Commission is the Principal Regulator for this application;

3. AND WHEREAS it has been represented by the Funds to the Decision Maker that:

3.1 Enerplus is an energy investment trust formed under the laws of Alberta in 1986. Enerplus is currently governed by an Amended and Restated Trust Indenture dated June 8, 2000 between ERC and CIBC Mellon Trust Company, as trustee (the "Trustee") (the "Trust Indenture"). Enerplus is a reporting issuer or equivalent in each of the provinces of Canada and its head office is located in Calgary, Alberta;

3.2 Enerplus is authorized to issue an unlimited number of Enerplus Trust Units. As at May 4, 2001 there were 20,750,793 Enerplus Trust Units issued and outstanding and options to acquire an additional 438,000 Enerplus Trust Units

were outstanding. Each of the outstanding Enerplus Trust Units has associated with it rights issued pursuant to Enerplus' existing unitholder rights plan;

3.3 the outstanding Enerplus Trust Units are listed and posted for trading on The Toronto Stock Exchange ("TSE") and the New York Stock Exchange ("NYSE"). An application is being made to the TSE and NYSE respectively, for approval to list and post the Enerplus Trust Units to be issued pursuant to the Merger;

3.4 Enerplus is a limited purpose trust created for the purpose of issuing Enerplus Trust Units to the public and investing the funds so raised to purchase a royalty in certain oil and gas properties from Enerplus Resources Corporation ("ERC"), as described in paragraph 3.9 below. The beneficiaries of Enerplus are the holders of Enerplus Trust Units ("Enerplus Unitholders"). At the annual general and special meeting of Enerplus Unitholders held April 3, 1999, the Enerplus Unitholders approved a reorganization of Enerplus to permit Enerplus to make investments in other forms of energy-related assets including the acquisition or formation of wholly-owned subsidiaries holding such assets;

3.5 ERC was initially incorporated under the *Business Corporations Act* (Alberta) (the "ABCA") on August 16, 1985. ERC was initially established as a single purpose entity, created for the purpose of the acquisition, exploitation, operation and disposition of oil and natural gas properties for the benefit of Enerplus;

3.6 a total of 100 voting Class A Common Shares of ERC are issued and outstanding, of which 90 are held by Enerplus and 10 are held by Enerplus Energy Services Ltd. ("EES"). In connection with the merger of Enerplus with Westrock Energy Income Fund I and Westrock Energy Income Fund II on June 8, 2000, and as a result of the subsequent amalgamation of ERC with Westrock Energy Corporation, Westrock Energy Resources Corporation and Westrock Energy Resources II Corporation on the same date, Enerplus Management Inc. ("EMI") holds 100 non-voting Series I Preferred Shares of ERC. All of the 1,000,000 non-voting Class B Common Shares of ERC are held by EES;

3.7 the board of directors of ERC oversees the business and affairs of Enerplus. Pursuant to an Amended and Restated Unanimous Shareholder Agreement dated March 28, 2001 among EES, EMI, ERC, Enerplus and the Trustee on behalf of Enerplus (the "Unanimous Shareholders Agreement"), EES is entitled to appoint two nominees to the ERC board of directors, with the balance (being a majority of the directors of ERC) to be elected pursuant to a vote by Enerplus Unitholders;

3.8 EES was incorporated under the ABCA on April 16, 1985. EES manages Enerplus and ERC pursuant to an Amended and Restated Management, Advisory and Administrative Agreement dated June 8, 2000, as amended, made among Enerplus, ERC, the Trustee and EES (the "Enerplus Management Agreement"). The head, principal and registered office of ERC and EES are located in Calgary, Alberta;

3.9 ERC has granted a royalty to Enerplus pursuant an Amended and Restated Royalty Agreement dated June 8, 2000, as amended, between ERC and the Trustee (the "Enerplus Royalty Agreement") consisting of 99% of the royalty income generated by properties owned or to be acquired by ERC. The residual 1% of royalty income is used by ERC to defray general and administrative costs and management fees;

3.10 EIF is an energy investment trust created under the laws of the Province of Alberta pursuant to a Declaration of Trust dated as of February 24, 1996, as amended, between Enerplus Settlor Ltd. and the initial EIF trustees (the "Declaration of Trust"). The head office of EIF is located at Calgary, Alberta;

3.11 EIF is authorized to issue an unlimited number of trust units of EIF ("EIF Trust Units"). As at May 4, 2001, there were 247,498,434 EIF Trust Units issued and outstanding and options to acquire an additional 6,164,600 EIF Trust Units and warrants to purchase an additional 17,865,465 EIF Trust Units were outstanding. Each of the outstanding EIF Trust Units has associated with it rights issued pursuant to EIF's existing unitholder rights plan

3.12 The outstanding EIF Trust Units are listed and posted for trading on the TSE;

3.13 EIF is governed by a board of trustees who are re-appointed or replaced every year as may be determined by a majority of the votes cast at an annual meeting of EIF Unitholders;

3.14 EIF has one wholly-owned subsidiary, being EnerMark Inc. ("EnerMark"). EnerMark is an active oil and natural gas company operating in western Canada. EnerMark holds interests in various properties and its primary focus is to maintain and enhance cash distributions to EIF Unitholders through the development of existing oil and natural gas properties, the acquisition of new producing properties and the monetization by way of sale or farmout, of EnerMark's undeveloped lands. Development efforts are concentrated on optimizing production from existing and new oil and natural gas reserves. Essentially all of these reserves are based in western Canada;

3.15 Pursuant to the Declaration of Trust and a Management, Advisory and Administrative Agreement dated February 27, 1996, as amended (the "EIF Management Agreement"), among EnerMark, the trustees of EIF and EMR Resource Management Ltd. ("EMR"), EMR acts as manager of EIF and EnerMark. The board of directors of EnerMark and the trustees of EIF have retained EMR to provide comprehensive management services and have delegated certain authority to EMR to administer and regulate the day-to-day operations of EIF and EnerMark and to make executive decisions which conform to general policies and general principles previously established by the trustees of EIF and the board of directors of EnerMark. EMR provides executive officers to

EIF and EnerMark, subject to the approval of the trustees of EIF or the board of directors of EnerMark, as the case may be;

3.16 EnerMark has granted a royalty to EIF pursuant to a royalty agreement (the "EIF Royalty Agreement") dated June 1, 1997 between EIF and EnerMark consisting of 95% of the royalty income generated by petroleum substances upon or under EnerMark's Canadian oil and natural gas properties;

3.17 Enerplus and EIF, together with their respective operating entities, ERC and EnerMark, have entered into an agreement dated May 10, 2001 (the "Merger Agreement") whereby Enerplus has agreed to acquire and EIF has agreed to sell (subject to unitholder approval), all of the assets of EIF, which assets consist of the shares of EnerMark, certain notes issued by EnerMark to EIF and a 95% royalty issued by EnerMark to EIF (the "EIF Assets") in exchange for Enerplus Trust Units (which will initially be represented by Merger Units as described in paragraph 3.20 below). The Enerplus Trust Units are to be distributed to former EIF Unitholders in exchange for their EIF Trust Units and the merged entity will continue as "Enerplus Resources Fund" (the "Merged Fund");

3.18 on May 10, 2001, a press release was jointly issued, filed and disseminated by Enerplus and EIF disclosing that they had entered into the Merger Agreement;

3.19 based on, among other things, the advice of financial advisors and special committees, the board of directors of ERC (which is the publicly-elected board responsible for Enerplus) and the board of trustees of EIF have unanimously agreed to recommend that Enerplus Unitholders and EIF Unitholders (collectively with the Enerplus Unitholders, the "Unitholders"), as the case may be, approve the Merger and certain other matters incidental thereto at unitholder meetings to be held on June 21, 2001;

3.20 in connection with the Enerplus Meeting and the EnerMark Meeting (each as defined below), each of the Enerplus Unitholders and the EnerMark Unitholders were provided with an information circular and proxy circular dated May 14, 2001 from Enerplus and EnerMark, respectively, containing prospectus type disclosure regarding the business and affairs of Enerplus, EnerMark and the Enerplus Trust Units, including pro forma information of Enerplus after giving effect to the Merger, a valuation of each of Enerplus and EnerMark prepared by Sayer Securities Limited and a fairness opinion from CIBC World Markets Inc. (in the case of Enerplus Unitholders) or National Bank Financial Inc. (in the case of EnerMark Unitholders) to enable the Enerplus Unitholders and EnerMark Unitholders to make an informed decision regarding the matters before them;

3.21 the Enerplus Trust Units will be distributed to EIF Unitholders through the issuance of Merger Units initially issued by Enerplus to EIF. The Merger Units shall, while held by EIF, automatically convert into Enerplus Trust Units on the 65th day following their acquisition by EIF. In addition, concurrently with the

redemption of the EIF Units which occurs on the winding-up and termination of EIF, the Merger Units shall automatically convert into Enerplus Trust Units for delivery to EIF Unitholders on a proportionate basis in accordance with the Exchange Rate (defined below). EIF shall not have any rights, directly or indirectly, to acquire Enerplus Trust Units pursuant to the Merger Units, and concurrently with the redemption of the EIF Trust Units which occurs on the winding-up and termination of EIF, the Merger Units shall be deemed to be automatically converted into Enerplus Trust Units in accordance with the Exchange Ratio and distributed to the EIF Unitholders. Prior to the conversion of the Merger Units into Enerplus Trust Units, holders of the Merger Units shall be entitled to vote at all meetings of Enerplus Unitholders and to receive all distributions declared by Enerplus on an equal, per unit basis, with the Enerplus Unitholders;

3.22 completion of the Merger is conditional upon, among other things, the approval of the Merger, in addition to certain majority of the minority approvals, by 66% of the votes cast by each of the Enerplus Unitholders and the EIF Unitholders at separate meetings of the Enerplus Unitholders (the "Enerplus Meeting") and the EIF Unitholders (the "EIF Meeting"). Following completion of the Merger, each holder of EIF Trust Units will have received 0.173 of an Enerplus Trust Unit for each EIF Trust Unit (the "Exchange Ratio"). No fractional Enerplus Trust Units will be issued, and fractional Enerplus Trust Units will be rounded up to the next highest number. In connection with the Merger, the EIF rights plan will be terminated and Unitholders may be asked to vote in favour of waiving any application of the Enerplus Unitholders' rights plan to the Merger;

3.23 under the Merger, subject to, among other things, the approval of each of the Enerplus Unitholders and EIF Unitholders by way of special resolutions, the trust indentures and other constating documents of the Funds would be amended to the extent necessary to effect the Merger, and

(i) Enerplus will purchase from EIF all of the EIF Assets and all of the liabilities of EIF (including the royalties granted by EnerMark to EIF) in exchange for the issuance by Enerplus of the Merger Units in accordance with the applicable Exchange Ratio;

(ii) EIF will be wound up and dissolved in accordance with its trust indenture, "out of the money" options of EIF will be cancelled, certain "in the money" options of EIF that would, pursuant to the terms of their grant, vest on or before August 23, 2002 will be accelerated such that they may be exercised prior to the effective date of the Merger, the EIF Trust Units will be redeemed and exchanged for Enerplus Trust Units issuable pursuant to the Merger Units previously issued to EIF by Enerplus, and those Enerplus Trust Units will be distributed to former EIF Unitholders on a proportionate basis in accordance with the Exchange Rate;

(iii) Through a series of transactions, EnerMark will acquire all of the outstanding ERC Class A, Class B and Preferred Shares and EnerMark will both be managed by Enerplus Global Energy Management Inc. (the "Manager"), an affiliate of EES and EMR (see enclosed post-Merger diagram);

(iv) Either (a) the Enerplus option plan will be amended to increase the number of Enerplus Trust Units which are reserved for issuance under the plan; or (b) if a new incentive plan is approved as part of the annual general meeting matters of Enerplus and EIF, the incentive plan will be adopted by the Merged Fund;

(v) the EIF Management Agreement will be terminated, the EIF Royalty Agreement will be amended and the Enerplus Royalty Agreement and the Enerplus Management Agreement will be revised as necessary, to provide that the Manager will be the sole manager of the Merged Fund and its operating companies; and

(vi) certain other ancillary matters in connection with the Merger will be implemented;

3.24 Enerplus currently holds no EIF Trust Units and EIF currently holds no Enerplus Trust Units;

3.25 exemptions from the registration and prospectus requirements of the Legislation may not be available to allow the sequence of trades which ultimately results in trades of the Enerplus Trust Units to EIF Unitholders;

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

5. AND WHEREAS, the Decision Makers are of the opinion that it would not be prejudicial to the public interest to make the Decision;

6. THE DECISION of the Decision Makers pursuant to the Legislation is that the Registration and Prospectus Requirements shall not apply to the issuance of the Merger Units or to the Enerplus Trust Units to be issued pursuant to the Merger;

7. THE DECISION of the Decision Makers pursuant to the Legislation is that the first trade in Enerplus Trust Units acquired pursuant to this Decision in a Jurisdiction shall be a distribution under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

7.1 at the time of the first trade, Enerplus is a reporting issuer or the equivalent under the applicable Legislation;

7.2 disclosure to the Decision Maker has been made of the Merger, which disclosure may be made by the filing of the Enerplus and EnerMark Information Circulars;

7.3 the vendor of the securities, if in a special relationship with Enerplus, has no reasonable grounds to believe that Enerplus is in default of any requirement of Applicable Legislation;

7.4 no unusual effort is made to prepare the market or to create a demand for the securities;

7.5 no extraordinary commission or consideration is paid to a person or company other than the vendor of the securities in respect of the trade; and

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

DATED at Calgary, Alberta this 21st day of June, 2001.

"original signed by"
Stephen P. Sibold, Q.C., Chair

"original signed by"
Glenda A. Campbell, Vice-Chair

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements for trades made in connection with a business combination involving trusts.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, ss. 54, 81, 110, and 116(1)