

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA  
ONTARIO, NEWFOUNDLAND, AND  
NOVA SCOTIA

AND

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

AND

IN THE MATTER OF INTERACTION RESOURCES LTD.

AND

IN THE MATTER OF HIGHLAND ENERGY NC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Nova Scotia (the "Jurisdictions") has received an application from Interaction Resources Ltd. ("Interaction") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that in connection with Interaction's offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Highland Shares") of Highland Energy Inc. ("Highland") on the basis of 0.96 common shares of Interaction (the "Interaction Shares") for each Highland Share, Interaction shall be exempt from the requirement in the Legislation to offer all holders of the same class of securities identical consideration (the "Identical Consideration Requirement") insofar as certain holders of Highland Shares who accept the Offer will receive the cash proceeds from the sale of Interaction Shares in accordance with the procedure described in paragraph 3.10 below, instead of receiving Interaction Shares;

2. AND WHEREAS pursuant to 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 Interaction has represented to the Decision Makers that:

3.1 Interaction is a corporation continued under the laws of Alberta. Interaction's head office is located in Calgary, Alberta;

3.2 Interaction is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia. The Interaction Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

3.3 Interaction is not in default of any requirement of the Legislation;

3.4 Highland is a corporation amalgamated under the laws of Alberta. It is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario and Quebec. The Highland Shares are listed and posted for trading on the Canadian Venture Exchange;

3.5 Highland is not in default of any requirement of the Legislation;

3.6 On April 24, 2000, Interaction mailed the Offer to all shareholders of Highland (the "Highland Shareholders");

3.7 The Offer is being made in compliance with the Legislation of the Jurisdictions except to the extent that exemptive relief is granted in respect of the Identical Consideration Requirement;

3.8 To the knowledge of Interaction after reasonable inquiry, Highland Shareholders resident in the United States (collectively, the "U.S. Shareholders") hold, in the aggregate, less than 2% of the outstanding Highland Shares;

3.9 The Interaction Shares that may be issued under the Offer have not been and will not be registered or otherwise qualified for distribution pursuant to the securities legislation in the United States or any other jurisdiction outside Canada. Accordingly, the delivery of Interaction Shares to U.S. Shareholders or the citizens or residents of any other jurisdiction outside of Canada where the Interaction Shares may not be delivered without further action by Interaction (collectively with "U.S. Holders", the "Non-Canadian Holders") may constitute a violation of the laws of such jurisdictions;

3.10 Interaction proposes to deliver Interaction Shares to Montreal Trust Company of Canada (the "Depositary"), for sale of such Interaction Shares by the Depositary on behalf of such Non-Canadian Holders. All Interaction Shares that the Depositary is required to sell will be pooled and sold by the Depositary through the TSE in a manner that is intended to minimize any adverse effect such a sale could have on the market price of Interaction Common Shares as soon as reasonably possible after the date Interaction first takes up any of the Highland Shares tendered by Non-Canadian Shareholders. As soon as reasonably possible after completion of such sale, and in any event no later than three business days after completion of such sale, the Depositary will deliver to each Non-Canadian Holder whose Interaction Shares have been sold by the Depositary a cheque in Canadian funds in an amount equal to such Non-Canadian Holder's *pro rata* share

of the proceeds of sale (net of all applicable commissions and withholding taxes) of all Interaction Shares sold by the Depositary;

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 in connection with the Offer, Interaction is exempt from the Identical Consideration Requirement, insofar as Non-Canadian Holders who accept the Offer will receive the cash proceeds from the Depositary's sale of the Interaction Shares in accordance with the procedure set out in paragraph 3.10 above, instead of receiving such Interaction Shares.

DATED at Edmonton, Alberta this "18<sup>th</sup>" day of May, 2000.

Eric T. Spink, Vice-Chair    Thomas G. Cooke, Q.C., Member

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - take-over bid for all issued and outstanding securities of a corporation with non-Canadian resident shareholders - offeror offering consideration consisting of its own securities - offeror's securities not qualified for distribution outside Canada - offeror relieved from identical consideration requirement so as to allow offeror to offer non-Canadians the proceeds of sale of securities of offeree issuer deposited under the take-over bid.

#### Applicable Alberta Statutory Provisions

Securities Act. S.A., 1981. c.S-6.1, as amended, S. 136(1), 144(2)(c).