

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND Qu
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AND

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

AND

IN THE MATTER OF
PETROMET RESOURCES LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba and Qu顛c (the "Jurisdictions") has received an application from Petromet Resources Limited ("Petromet" or the "Filer") for (i) a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for Petromet to send to its shareholders its 2000 annual report, where applicable (the "2000 Annual Report") and its comparative annual audited financial statements and the auditor's report thereon relating to its financial year ended December 31, 2000 (the "2000 Financial Statements") as required by the Legislation shall not apply to Petromet on the basis described below; and (ii) a decision of the Decision Maker in each of Ontario, Saskatchewan and Quebec to waive the provisions of a policy statement, securities direction or the Legislation of those Jurisdictions, respectively, as they apply to Petromet filing (the "AIF Filing Provisions") an Annual Information Form ("2000 AIF") relating to Petromet's financial year ended December 31, 2000 and, where applicable, mailing (the "MD&A Mailing Provisions") its annual management's discussion & analysis ("2000 MD&A") to shareholders, on the basis described below;

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

AND WHEREAS Petromet has represented to the Decision Makers that:

1. Petromet is a corporation incorporated under the laws of the Province of Ontario.
2. The registered office of the Corporation is Suite 6600, 1 First Canadian Place, Toronto, Ontario, M5X 1B8.
3. Petromet is a reporting issuer or the equivalent thereof, under the Legislation and is not, to its knowledge, in default, of any applicable requirement of the Legislation.

4. The common shares of Petromet ("Petromet Shares") are listed and posted for trading on The Toronto Stock Exchange and The Nasdaq National Market.
5. The authorized capital of Petromet consists of an unlimited number of Petromet Shares and an unlimited number of preferred shares issuable in series. As of the date hereof, 52,188,262 Petromet Shares are issued and outstanding and there are \$25,000,000 principal amount of 6.5% convertible subordinated debentures of Petromet ("Debentures") issued and outstanding.
6. The fiscal year end for the Corporation is December 31.
7. Petromet is a reporting issuer that is required to send to its shareholders every financial statement required to be filed under the Legislation.
8. Petromet's Board of Directors has approved its 2000 Financial Statements for the year ended December 31, 2000 and a press release in respect of the 2000 Financial Statements was issued on February 8, 2001.
9. Petromet intends to file the 2000 Financial Statements, the 2000 MD&A and the 2000 Annual Report on or before May 22, 2001.
10. No material changes have occurred in the affairs of Petromet which would be required to be disclosed in the 2000 AIF, which have not been publicly disclosed.
11. Petromet and Talisman Energy Inc. ("Talisman") entered into an acquisition agreement (the "Acquisition Agreement") on April 10, 2001, whereby Talisman agreed to make an offer to purchase all of the outstanding Petromet Shares for \$13.20 for each Petromet Share and all of the outstanding Debentures for \$1389.47 for each \$1,000 principal amount of Debentures (the "Offer").
12. The Offer was made by way of a take-over bid by TLM Acquisition Corp. (the "Offeror"), a wholly-owned subsidiary of Talisman on April 19, 2001.
13. The Offer expires on May 25, 2001.
14. Pursuant to the trust indenture governing the Debentures, on April 24, 2001, Petromet issued a notice of redemption for the Debentures with a redemption date of May 24, 2001. As a result, all Debentures not converted to Petromet Shares prior to May 24, 2001 will be redeemed by Petromet.
15. Petromet is not aware of any competing proposals to the Offer. Petromet expects that the Offer will be successful on May 25, 2001 and the Offeror will acquire all of the issued and outstanding Petromet Shares shortly thereafter.
16. All Debentures outstanding on May 24, 2001 will be redeemed by Petromet, regardless of the success of the Offer.

17. Petromet expects the Offeror will be the only holder of Petromet securities on or before May 31, 2001.

18. Petromet filed and concurrently mailed to all holders of Petromet Shares and holders of Petromet Debentures a directors' circular (the "Directors' Circular") that recommends acceptance of the Offer. The Directors' Circular contains current information relating to the directors and senior officers of Petromet.

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

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;

THE DECISION of the Decision Makers under the Legislation is that:

1. Petromet is exempt from the requirement to send to the shareholders of Petromet the 2000 Financial Statements and 2000 Annual Report provided that:

(a) Petromet will file, on or before May 22, 2001, the 2000 Financial Statements and 2000 Annual Report with each Decision Maker that requires such filing;

(b) Petromet will issue and file a press release concurrently with the filing of the 2000 Financial Statements and 2000 Annual Report, disclosing that such documents have been filed and are available to securityholders upon request; and

(c) in the event that anyone other than TLM Acquisition Corp. holds securities of Petromet on June 18, 2001, then on that day, Petromet will send to all securityholders of Petromet the 2000 Financial Statements and 2000 Annual Report.

Dated May 18, 2001

"J. A. Geller"

"R. Stephen Paddon"

THE DECISION of the Decision Makers in Ontario, Quebec and Saskatchewan is that the AIF Filing Provisions and the MD&A Mailing Provisions are waived as they apply to Petromet's 2000 AIF and 2000 MD&A, provided that:

2. (a) Petromet will file the 2000 MD&A with the Ontario Securities Commission ("OSC") and Saskatchewan Securities Commission ("SSC"), on or before May 22, 2001;

(b) Petromet will issue and file a press release concurrently with the filing of the 2000 MD&A disclosing that the 2000 MD&A has been filed and is available to securityholders upon request; and

(c) in the event that anyone other than TLM Acquisition Corp. holds securities of Petromet on June 18, 2001, then on that day, Petromet will file the 2000 AIF with the OSC, Commission des valeurs mobilières du Québec and SSC and will send the 2000 MD&A to all securityholders of Petromet.

Dated May 18, 2001

"Margo Paul"