

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,  
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NEW BRUNSWICK, 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 PRIMEWEST ENERGY TRUST, PRIMEWEST ENERGY INC.  
AND PRIMEWEST RESOURCES LTD.

AND

IN THE MATTER OF VENATOR PETROLEUM COMPANY LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from PrimeWest Energy Trust ("PWT"), PrimeWest Energy Inc. ("PWE") and PrimeWest Resources Ltd. (the "Offeror", and collectively, the "Filer"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

1. to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Registration and Prospectus Requirements") shall not apply to certain trades in securities to be made in connection with the offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Venator Shares") of Venator Petroleum Company Ltd. ("Venator"), including any trades in connection with the use of applicable statutory compulsory acquisition provisions following the Offer pursuant to which the Offeror acquires Venator Shares (a "Subsequent Acquisition Transaction");
2. with respect to the Offeror in those Jurisdictions in which it becomes a reporting issuer, to issue a press release and file a report upon the occurrence of a material change, file interim financial statements and annual audited financial statements and deliver such statements to the securityholders of the Offeror, file an information circular or make an annual filing in lieu of filing an information circular (the "Continuous Disclosure Requirements"), shall not apply to the Offeror; and
3. in those Jurisdictions in which the Offeror becomes a reporting issuer, the requirement contained in the Legislation for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the

reporting issuer (the "Insider Reporting Requirements") shall not apply to any insider of the Offeror who is not also an insider of PWT;

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

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Venator is a corporation organized and subsisting under the *Alberta Business Corporations Act* (the "ABCA");
2. Venator's principal business is the acquisition of interests in crude oil and natural gas rights and the exploration for, development, production and marketing of crude oil and natural gas;
3. Venator's principal executive offices are located in Calgary, Alberta;
4. the authorized capital of Venator consists of an unlimited number of Venator Shares and an unlimited number of preferred shares issuable in series; as of March 14, 2000, 6,284,216 Venator Shares were issued and outstanding and no preferred shares were issued and outstanding; as of March 14, 2000, an aggregate of 410,000 Venator Shares were issuable pursuant to the Venator Stock Option Plan;
5. the Venator Shares are fully participating voting shares and are listed on the Canadian Venture Exchange;
6. Venator is a reporting issuer under the Legislation of Alberta and British Columbia and is not in default of any of the requirements thereunder; Venator is not a reporting issuer in any other Jurisdiction;
7. PWT is an open-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated August 2, 1996 with its head office located in Calgary, Alberta; The Trust Company of Bank of Montreal is the trustee of PWT;
8. PWT's most substantial asset is a royalty in certain petroleum and natural gas properties owned by PWE that entitles PWT to receive 99% of the net cash flow generated by those properties, after certain costs and deductions;
9. PWT is authorized to issue an unlimited number of transferable, redeemable trust units (the "PrimeWest Units"), of which there were 35,844,176 PrimeWest Units outstanding as at March 21, 2000;
10. PWT became a reporting issuer or the equivalent in each of the Jurisdictions upon obtaining a receipt for its prospectus dated October 3, 1996 and is not in default of the Legislation;
11. the PrimeWest Units are listed on The Toronto Stock Exchange (the "TSE");

12. the Offeror is a corporation organized and subsisting under the ABCA and is wholly owned by PWE; PWE is a wholly-owned subsidiary of PrimeWest Management Inc. ("PWM"); the board of directors of PWE is responsible for making significant decisions with respect to PWT, PWE and the Offeror; all of the voting shares of PWM are held by officers and/or directors of PWE; holders of PrimeWest Units are entitled to direct the manner in which PWM votes its shares in PWE;

13. the authorized capital of the Offeror consists of an unlimited number of common shares and, prior to the completion of the Offer, will be amended to create an unlimited number of exchangeable shares (the "Exchangeable Shares"); the principal rights, privileges, restrictions and conditions attached to the Exchangeable Shares are described in the take-over bid circular mailed to the holders of Venator Shares and options to acquire Venator Shares (the "Take-Over Bid Circular");

14. the Offeror will offer to acquire all of the issued and outstanding Venator Shares in exchange for 0.657 PrimeWest Units or, at the option of each holder of Venator Shares, 0.657 Exchangeable Shares;

15. each Exchangeable Share entitles the holder to:

(a) receive one PrimeWest Unit,

(b) receive an additional number of PrimeWest Units calculated based on the amount of any intervening distribution in respect of the PrimeWest Units that is declared to be a return of capital; and

(c) receive dividends equivalent to that portion of any intervening distribution in respect of the PrimeWest Units that is declared to be income;

16. upon completion of the Offer and any Subsequent Acquisition Transaction, Venator will be wholly owned by the Offeror, and all former shareholders of Venator will hold either PrimeWest Units or Exchangeable Shares;

17. the Offer is conditional upon, among other things:

(a) there being validly deposited under the Offer and not withdrawn prior to the expiry of the Offer that number of Venator Shares which represents not less than 66 2/3% of the number of Venator Shares outstanding (on a fully diluted basis) as of the time the Offer expires; and

(b) all requisite regulatory approvals having been obtained;

18. each holder of Venator Shares and each holder of options to purchase Venator Shares will receive the Take-Over Bid Circular; the Take-Over Bid Circular will contain or incorporate by reference prospectus-level disclosure concerning the business and operations of PWT and a

detailed description of the rights, privileges, obligations and restrictions respecting the Exchangeable Shares;

19. the Offeror will become a reporting issuer in certain of the Jurisdictions upon the filing of the Take-Over Bid Circular with the Decision Makers and, where applicable, the taking up and paying for the Venator Shares, in such Jurisdictions, and will be subject to the Continuous Disclosure Requirements and insiders of the Offeror will be subject to the Insider Reporting Requirements in these Jurisdictions;

20. pending completion of the Offer:

(a) the Offeror will have no material assets or liabilities, and all information material to the business of PWT (and relevant to persons considering an investment in PrimeWest Units or Exchangeable Shares) will be contained in the Take-Over Bid Circular and in continuous disclosure filings made by PWT under the Legislation; and

(b) PWT will be subject to Continuous Disclosure Requirements pursuant to the Legislation and the requirements of the TSE in respect of making public disclosure of material information on a timely basis;

21. following the completion of the Offer:

(a) the Offeror's principal assets will consist primarily of Venator Shares that are purchased by it under the Offer; by virtue of the attributes of the Exchangeable Shares and the rights established for the benefit of holders of Exchangeable Shares under a Support Agreement and an Exchange Trust Agreement, an investment in Exchangeable Shares will be, in effect (other than the fact that the holders of Exchangeable Shares will have no voting rights except those required by law), an investment in PrimeWest Units; and

(b) the Offeror will have no material liabilities and no material assets other than the assets constituted by the Venator Shares purchased by it under the Offer;

22. holders of Exchangeable Shares would not derive any material benefit from the Offeror being subject to the Continuous Disclosure Requirements;

23. PWT and PWE will agree in the Support Agreement to provide to holders of Exchangeable Shares the same documents and information (including, but not limited to, its annual report and all proxy solicitation materials) that it will provide to holders of PrimeWest Units under the Legislation, and to comply with the requirements of the Legislation and the TSE in respect of making public disclosure of material information on a timely basis;

24. the steps involved in the completion of the Offer, including any Subsequent Acquisition Transaction, and the creation and exercise of exchange rights attaching to the Exchangeable Shares, the redemption and retraction of Exchangeable Shares and certain other purchases of

Exchangeable Shares in connection therewith and on the liquidation, dissolution or winding-up of the Offeror or PWT involve or may involve a number of trades and distributions of securities (collectively, the "Trades");

25. the Exchangeable Shares will be the economic equivalent of PrimeWest Units and will have the attributes more particularly described in the Take-Over Bid Circular;

26. holders of Venator Shares will make one investment decision when deciding whether to tender their Venator Shares to the Offer and when voting to approve any Subsequent Acquisition Transaction, and the subsequent trades of Exchangeable Shares will arise directly out of the collection of rights acquired by holders of Venator Shares who receive Exchangeable Shares in connection with the Offer;

27. if not for income tax considerations, holders of Venator Shares could have received PrimeWest Units directly without receiving Exchangeable Shares; the Exchangeable Shares will be issued to provide holders of Venator Shares with securities on a tax-deferred basis and to otherwise preserve the tax attributes applicable to holders of Venator Shares;

28. holders of Exchangeable Shares in essence (other than the fact that the holders of Exchangeable Shares will have no voting rights except those required by law) have a participatory interest in PWT rather than in the Offeror and, therefore, certain disclosure required to be provided in respect of the Offeror as a reporting issuer or the equivalent under the Legislation would not be meaningful to the holders of Exchangeable Shares;

29. the Take-Over Bid Circular will disclose that, in connection with the Offer, the Filer has applied for relief from the Registration and Prospectus Requirements, the Continuous Disclosure Requirements and the Insider Reporting Requirements;

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. the Registration and Prospectus Requirements shall not apply to the Trades;
2. the first trade in Exchangeable Shares or PrimeWest Units, as the case may be, in a Jurisdiction is deemed to be a distribution under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:
  - (a) the issuer is a reporting issuer or equivalent under the Applicable Legislation or, in the case of the Offeror, if it is not a reporting issuer or the equivalent in a

Jurisdiction, PWT has complied with the requirements under paragraph 2 below in that Jurisdiction;

(b) if the seller is an insider of the issuer, other than a director or senior officer of the issuer, the seller has complied with the Insider Reporting Requirement and filed all personal information forms that are required to be filed under the Applicable Legislation as modified by this MRRS Decision Document;

(c) if the seller is a director or senior officer of the issuer, the seller has complied with the Insider Reporting Requirement and filed all personal information forms that are required to be filed under the Applicable Legislation and the issuer has filed all records required to be filed under the Continuous Disclosure Requirements of the Applicable Legislation, as modified by this MRRS Decision Document;

(d) no unusual effort is made to prepare the market or create a demand for the Exchangeable Shares;

(e) no extraordinary commission or other consideration is paid in respect of the trade; and

(f) the trade is not a distribution from the holdings of a person or company, or combination of persons and companies, acting in concert or by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of any voting securities of PWT to affect materially the control of PWT, and if a person or company or combination of persons and companies holds more than 20% of the voting rights attached to all outstanding voting securities of PWT, the person or company or combination of persons and companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of PWT (and for the purposes of this MRRS Decision Document, Exchangeable Shares shall be counted as voting shares of PWT); and

3. the Continuous Disclosure Requirements shall not apply to the Offeror and the Insider Reporting Requirements shall not apply to insiders of the Offeror in those Jurisdictions where it becomes a reporting issuer, provided that at the time that any such requirement would otherwise apply:

(a) PWT is a reporting issuer under the Legislation of the Jurisdiction;

(b) PWT shall concurrently send to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of PrimeWest Units pursuant to the Continuous Disclosure Obligations, including, but not limited to, copies of its annual report and all proxy solicitation materials;

(c) PWT shall comply with the requirements of the TSE (or such other principal stock exchange on which the PrimeWest Units are then listed) in respect of making public disclosure of material information on a timely basis and forthwith issues in the Jurisdictions and files with the Decision Maker any press release that discloses a material change in PWT's affairs;

(d) the Offeror shall provide each recipient or proposed recipient of Exchangeable Shares resident in the Jurisdictions with a statement that, as a consequence of this Decision, the Offeror and its insiders will be exempt from certain disclosure requirements applicable to reporting issuers and insiders, and specifying those requirements, the Offeror and its insiders have been exempted from and identifying the disclosure that will be made in substitution thereof;

(e) the Offeror shall issue a press release and file a report with the Decision Makers upon the occurrence of a material change in respect of the affairs of the Offeror that are not material changes in the affairs of PWT; and

(f) PWE shall remain the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Offeror.

DATED on April 19, 2000.

Margaret Sheehy  
Director

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements in respect of certain trades made in connection with an indirect take over bid by reporting issuer and its subsidiary where statutory exemptions not available for technical reasons due to use of exchangeable shares for tax reasons - subsidiary issuer of exchangeable shares exempted from material change reporting, proxy, insider reporting, and financial statement requirements of the Legislation.

#### Applicable British Columbia Provisions

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61, 76, 85, 87, 91, and 119  
*Securities Rules*, R.B.C. Reg. 194/97, ss. 144, 145, 184