

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

AND

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

AND

IN THE MATTER OF SEARCH ENERGY CORP.
AND
IN THE MATTER OF PALLISER ENERGY CORP.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario and Quebec (the "Jurisdictions") has received an application from Search Energy Corp. ("Search") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with Search's offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Palliser Shares") of Palliser Energy Corp. ("Palliser") on the basis of \$1.50 cash for each Palliser Share or 0.655 of a common share of Search (a "Search Share") for each Palliser Share or \$0.75 cash and 0.3275 Search Shares for each Palliser Share, the requirement contained in the Legislation to offer all holders of the same class of securities identical consideration (the "Identical Consideration Requirement") shall not apply to Non-Canadian Holders (as defined below) who receive the cash proceeds from the sale of Search Shares in accordance with the procedure in paragraph 3.7 below;

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 the Applicant has represented to the Decision Makers that:

3.1 Search is a public company incorporated under the *Business Corporations Act* (Alberta). The Search Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE").

3.2 Search is a reporting issuer in Alberta, British Columbia, Ontario, Quebec and Nova Scotia and is not in default of any of the requirements of the Legislation.

3.3 Palliser is a public company incorporated under the *Business Corporations Act* (Alberta). The Palliser Shares are listed and posted for trading on the TSE.

3.4 Palliser is a reporting issuer in Alberta, Ontario and Quebec and is not in default of any of the requirements of the Legislation.

3.5 According to a shareholder list dated June 23, 2000, there were two registered shareholders of Palliser with addresses outside of Canada (the "Non-Canadian Holders") holding in the aggregate 42,184 Palliser Shares, representing approximately 0.35% of the issued and outstanding Palliser Shares.

3.6 the Search Shares issuable 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 Search Shares to the Non-Canadian Holders may constitute a violation of the laws of the jurisdictions in which the Non-Canadian Holders reside.

3.7 Search proposes to deliver Search Shares to the Montreal Trust Company of Canada (the "Depository"), instead of to Non-Canadian Holders who accept the Offer, for sale of such Search Shares on behalf of Non-Canadian Holders. The Depository will, as soon as possible after such delivery, pool and sell the Search Shares on behalf of the Non-Canadian Holders. Such sale will be done through the TSE in a manner that is intended to minimize any adverse effect on the market price of Search Shares. As soon as possible after the completion of such sale, the Depository will send to each Non-Canadian Holder a cheque equal to such Non-Canadian Holder's pro rata share of the proceeds of sale (net of all applicable commissions and withholding tax) of all Search shares sold by the Depository.

3.8 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.

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 is that in connection with the Offer, Search is exempt from the identical consideration requirement insofar as Non-Canadian Holders who accept the Offer may receive, instead of Search Shares, the cash proceeds from the Depository's sale of Search Shares in accordance with the procedure set out in paragraph 3.7 above.

DATED at Calgary, Alberta this 25th day of July, 2000.

"Original signed by"

Glenda A. Campbell,
Vice-Chair

"Original signed by"

John W. Cranston,
Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - take-over bid made for issuer with shareholders resident outside of Canada - consideration under take-over bid could consist of offeror's securities - offeror's securities not qualified for distribution outside Canada - offeror relieved from requirement to provide identical consideration to all offeree security holders to extent that offeror proposes to offer cash proceeds of sale of offeror's securities to offeree holders resident outside of Canada

Applicable Alberta Statutory Provisions

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