

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the requirement to provide prospectus level financial statement disclosure in a take-over bid circular. Issuer to include audited operating statements for certain oil and gas properties as alternative disclosure in the take-over bid circular

Applicable Alberta Statutory Provisions

Securities Act, R.S.A., 2000, c.S-4, subsection 179(2)(c)

Citation: SignalEnergy Inc., 2005 ABASC 7 **Date:** 20050114

**In the Matter of
the Securities Legislation of
Alberta, British Columbia, Manitoba, Newfoundland and Labrador,
Nova Scotia, Ontario and Saskatchewan
(the Jurisdictions)**

and

**In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications**

and

In the Matter of SignalEnergy Inc. (the Filer)

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that, in connection with its offer to purchase all of the issued and outstanding securities of Predator Exploration Ltd. (Predator), the Filer be exempt from the requirement under the Legislation to include in the Circular (as defined below) audited financial statements for the O&G Properties (as defined below) for the last three completed fiscal years (the Requested Relief).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (MRRS):

2.1 the Alberta Securities Commission is the principal regulator for this application, and

2.2 this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are otherwise defined in this decision.

Representations

4. This decision is based on the following facts represented by the Filer:

4.1 The Filer was incorporated pursuant to a certificate of amalgamation dated May 1, 1996 issued under Part 1 of the Companies Act (Quebec) resulting from the amalgamation of "Société d'exploitation Algène Biotechnologies Inc." and "Société d'investissement R&D Algène Inc."

4.2 The head office of the Filer is located in Calgary, Alberta.

4.3 The Filer is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement under the Legislation.

4.4 The Filer's authorized capital consists of an unlimited number of common shares (Common Shares), Preferred Shares and Class "A" Shares. 30,665,772 Common Shares, nil Preferred Shares and 5,240,754 Class "A" Shares were outstanding as of November 24, 2004.

4.5 The Common Shares are listed and posted for trading on the Toronto Stock Exchange.

4.6 Predator was incorporated on January 6, 2000 pursuant to the provisions of the Company Act (British Columbia).

4.7 The head office of Predator is in Calgary, Alberta.

4.8 Predator is a reporting issuer in Alberta and British Columbia and is not in default of any requirements under the applicable legislation.

4.9 The common shares of Predator (the Predator Shares) are listed and posted for trading on the TSX Venture Exchange.

4.10 Pursuant to a pre-acquisition agreement between the Filer and Predator dated as of October 29, 2004, the Filer proposed to make an offer to purchase all of the issued and outstanding Predator Shares at a purchase price of 0.3846 of a Common Share for each Predator Share (the Take-Over Bid).

4.11 The Take-Over Bid will be conducted as formal take-over bid under the Legislation.

4.12 Effective January 9, 2004, the Filer completed the acquisition of certain oil and gas properties (the O&G Properties) in the greater Carrot Creek area located in west central Alberta from ManCal Energy Inc. (the Vendor).

4.13 The acquisition of the O&G Properties by the Filer constitutes a "significant acquisition" under the Legislation (the Significant Acquisition).

4.14 The Filer has not accounted for the Significant Acquisition as a reverse take-over and the O&G Properties did not constitute a "reportable segment" of the Vendor, as defined in section 1701 of the Handbook, at the time of the Significant Acquisition.

4.15 The Filer has prepared a take-over bid circular (the Circular) in connection with the Take-Over Bid and as a result of the Significant Acquisition, the Legislation requires, among other things, that the Filer include in the Circular audited financial statements for the O&G Properties for the last three completed fiscal years (the Property Financial Statements).

4.16 The Filer will not include the Property Financial Statements in the Circular, but will be including audited operating statements for the O&G Properties for the last three completed fiscal years which present, in relation to the O&G Properties, among other things, gross revenue, royalty expenses, production costs and operating income (the Audited Operating Statements).

Decision

5. 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 the Requested Relief is granted provided that the Circular includes the Audited Operating Statements.

"original signed by"
Glenda A. Campbell, Q.C., Vice-Chair
Alberta Securities Commission

"original signed by"
Stephen R. Murison, Vice-Chair
Alberta Securities Commission