

IN THE MATTER OF THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA, NEW
BRUNSWICK, PRINCE EDWARD ISLAND AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF VIKING ENERGY ROYALTY TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Manitoba, Ontario, Quebec, New Brunswick, Newfoundland, Nova Scotia and Prince Edward Island (the "Jurisdictions") have received an application from Viking Energy Royalty Trust, ("Viking" or the "Filer"), for a Decision pursuant to the securities legislation and securities directions of the Jurisdictions (the "Legislation") that the registration and prospectus requirements of the Legislation shall not apply to certain trades in trust units of Viking (the "Units") pursuant to a Distribution Reinvestment Plan ("the Plan") of Viking;

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

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

1. Viking is an open-ended investment trust, which was originally created as a closed-end investment trust by a declaration of trust dated November 5, 1996, under the laws of the province of Alberta.
2. Pursuant to an Amended and Restated Trust Indenture dated October 24, 1997 Viking was restructured as an open-ended investment trust; the Trust Company of Bank of Montreal is the trustee of Viking.
3. The authorized capital of Viking consists of an unlimited number of Units.
4. Viking is a reporting issuer or the equivalent thereof in the Jurisdictions and to its knowledge is not in default of any requirements of the Legislation.
5. The Units are listed and posted for trading on The Toronto Stock Exchange (the "TSE").
6. Under the distribution policy adopted by Viking, Viking distributes on or about the 15th day of each month (the "Cash Distribution Date") the distributable income of Viking to the holders of

Units (the "Unitholders") of record as of the last business day of the month preceding the distribution (the "Record Date).

7. Pursuant to the Plan, Unitholders other than U.S. residents may, at their option, invest cash distributions paid on their Units in additional Units ("DRIP Units").

8. The Plan also enables the Unitholders to make additional cash investments through optional cash payments ("Optional Cash Payments") which will be invested in DRIP Units on the same basis as the distributions which are invested under the Plan, and any Unitholder may participate by way of Optional Cash Payments up to a maximum of \$3,000 per calendar year.

9. Distributions due to participants in the Plan ("Plan Participants") will be paid to The Trust Company of Bank of Montreal in its capacity as trustee under the Plan (the "Plan Trustee") and applied to purchase DRIP Units.

8. DRIP Units will be purchased directly from Viking or, at the discretion of Viking, through the facilities of the TSE.

9. The acquisition price of DRIP Units purchased through the facilities of the TSE shall, in respect of any Cash Distribution Date, be equal to the average price for which the Units are acquired through the facilities of the TSE for the purpose of the Plan following such Cash Distribution Date.

10. The acquisition price of DRIP Units purchased directly from Viking shall be the weighted average price of all Trust Units traded on the TSE on the ten trading days preceding the Cash Distribution Date.

11. DRIP Units purchased under the Plan will be registered in the name of the Plan Trustee, as trustee for the Plan Participants.

12. To date, no DRIP Units have been issued under the Plan.

13. No commissions, service charges or brokerage fees will be payable by Plan Participants in connection with the Plan.

14. Plan Participants may terminate their participation in the Plan at any time by written notice to the Plan Trustee and a notice received at least three business days prior to a Record Date will be effective for the following Cash Distribution Date.

15. Upon termination of the Plan or a Plan Participants' participation in the Plan, the Plan Participant(s) will receive a certificate for all the whole Trust Units held in their account, a cash payment for any fraction of a Trust Unit and the return of any uninvested Optional Cash Payments.

16. The distribution of the DRIP Units by Viking pursuant to the Plan cannot be made in reliance on certain registration and prospectus exemptions contained in the Legislation as the Plan

involves the reinvestment of income distributed by Viking and not the reinvestment of dividends or interest of Viking.

17. The distribution of the DRIP Units by Viking pursuant to the Plan cannot be made in reliance on registration and prospectus exemptions contained in the Legislation for distribution reinvestment plans of mutual funds, as Viking is not a "mutual fund" as defined in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in a portion of the net assets of Viking.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the trades of DRIP Units by Viking to Plan Participants pursuant to the Plan shall not be subject to prospectus and registration requirements in the Legislation provided that:

- (a) at the time of the distribution Viking is a reporting issuer or the equivalent under the Legislation and, to the best of its belief, is not in default under the Legislation;
- (b) no sales charge is payable in respect of the distributions;
- (c) Viking has caused to be sent to the person or company to whom the DRIP Units is traded, not more than 12 months before the trade, a statement describing:
 - (i) his or her right to withdraw from the Plan and to make an election to receive cash instead of Units on the making of a distribution of income by Viking; and
 - (ii) instructions on how to exercise the right referred to in (i);
- (d) in the financial year of Viking during which a trade in DRIP Units pursuant to the Optional Cash Option takes place, the aggregate number of DRIP Units issued pursuant to the Optional Cash Payments before such trade, plus the aggregate number of DRIP Units issued in the trade or concurrently with the trade, does not exceed two percent of the number of Units and DRIP Units outstanding at the commencement of that financial year; and
- (e) the first trade in DRIP Units acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

- (i) at the time of the first trade, Viking is and has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade;
- (ii) no unusual effort is made to prepare the market or to create a demand for the Units;
- (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade;
- (iv) if the seller of the DRIP Units is an insider of Viking, the seller has no reasonable grounds to believe that Viking is in default of any requirement of the Applicable Legislation; and
- (v) except in Quebec, the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of Units of Viking so as to affect materially the control of Viking or more than 20% of the outstanding voting securities of Viking, except where there is evidence showing that the holding of those securities does not affect materially the control of Viking.

DATED on, this 10th day of January, 2001.

"Howard I. Wetston" "J.A. Geller"

Headnote

MRRS - open-end investment trust is exempt from prospectus and registration requirements in respect of the issuance of units pursuant to a reinvestment plan whereby distributions of income and/or capital gains are reinvested in additional units of the trust - first trade relief is subject to certain conditions

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(5) and 74(1)

Applicable Ontario Rules

Rule 45-502 - *Dividend or Interest Reinvestment and Stock Dividend Plans* (1998), 21 OSCB 3685

Rule 81-501 - *Mutual Funds Reinvestment Plans* (1997), 20 OSCB 5135