

# 2005 BCSECCOM 486

July 12, 2005

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 51-102, s. 13.1 - Continuous Disclosure Obligations - An issuer wants relief from the requirement to include prospectus-level disclosure in an information circular to be circulated in connection with an arrangement, reorganization, acquisition or amalgamation - Alternate financial information will be provided about the issuer that is consistent with the financial information required in the continuous disclosure context for significant acquisitions; information will be provided about the parties to the transaction sufficient for shareholders to assess the transaction as a whole

## Applicable British Columbia Provisions

National Instrument 51-102, s. 13.1

In the Matter of  
the Securities Legislation  
of Alberta, British Columbia, Ontario and Nova Scotia  
(the “Jurisdictions”)

and

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

and

In the Matter of Goose River Resources Ltd. (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 proposed arrangement (the “Arrangement”) involving itself, its shareholders, SignalEnergy Inc. (“SignalEnergy”) and G2 Resources Inc. (“G2”) under the provisions of the *Business Corporations Act* (Alberta), the Filer be exempt from the requirement under the Legislation to include in the Circular (as defined below) audited financial statements for the oil and gas properties acquired

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and to be acquired in the Significant Acquisitions (as defined below) for the last two 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 SignalEnergy was amalgamated 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 office of SignalEnergy is located in Montreal, Quebec. SignalEnergy has its head operational office in Calgary, Alberta.
  - 4.3 SignalEnergy is a reporting issuer or the equivalent in each of the Jurisdictions and the provinces of Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island and Newfoundland (collectively, the “Provinces”) and is not in default of any requirement under the Legislation or under securities legislation of the Provinces.
  - 4.4 SignalEnergy’s authorized capital consists of an unlimited number of common shares (“Common Shares”), Preferred Shares and Class “A” Shares. As of June 24, 2005, 42,089,869 Common Shares, no Preferred Shares and 5,240,757 Class “A” Shares were outstanding.
  - 4.5 The Common Shares are listed and posted for trading on the Toronto Stock Exchange.

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- 4.6 The Filer was incorporated on May 24, 2000 and subsequently amalgamated pursuant to the provisions of *Business Corporations Act* (Alberta).
- 4.7 The head office of the Filer is in Calgary, Alberta.
- 4.8 The Filer is a reporting issuer in Alberta, British Columbia, Ontario and Nova Scotia and is not in default of any requirements under the applicable legislation.
- 4.9 The common shares of the Filer (the Filer Shares) are listed and posted for trading on the TSX Venture Exchange.
- 4.10 G2, a corporation incorporated under the *Business Corporations Act* (Alberta), is not a reporting issuer in any jurisdiction.
- 4.11 The head office of G2 is located in Calgary, Alberta.
- 4.12 The common shares of G2 are not listed or posted for trading on any exchange.
- 4.13 Upon completion of the Arrangement, G2 will become a reporting issuer in Alberta, British Columbia, Ontario and Nova Scotia. G2 has received conditional approval to have its common shares listed on the TSX Venture Exchange.
- 4.14 SignalEnergy, the Filer and G2 entered into an arrangement agreement dated as of May 13, 2005 (the "Agreement"). The Agreement provides, among other things, that each share of the Filer may be exchanged by the Filer's shareholders, at their election, for: (1) 0.83 SignalEnergy shares, (2) \$1.00 in cash, or (3) 0.60 SignalEnergy shares and \$0.28 in cash, provided that the maximum aggregate amount of cash available shall be limited to \$10.0 million and the maximum aggregate SignalEnergy shares issued shall be limited to 21.25 million shares and that certain oil and gas properties held by each of SignalEnergy and the Filer will be acquired by G2 in consideration for the issuance of 0.05 of a G2 share to the Filer's shareholders and of approximately 0.0419 of G2 share to SignalEnergy shareholders.
- 4.15 The series of transactions contemplated in the Agreement will be executed pursuant to a plan of arrangement (Plan of Arrangement) under Part 15 of the *Business Corporations Act* (Alberta).

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- 4.16 Effective January 12, 2004, SignalEnergy completed the acquisition of certain oil and gas properties in the greater Carrot Creek area of west central Alberta (the “Carrot Creek Properties”) from ManCal Energy Inc. (the “Vendor”).
- 4.17 The acquisition of certain of the Carrot Creek Properties from the Vendor by SignalEnergy constitutes a “significant acquisition” under the Legislation (the “Signal Significant Acquisition”).
- 4.18 SignalEnergy has not accounted for the Signal Significant Acquisition as a reverse take-over and the Carrot Creek 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.
- 4.19 Pursuant to the Agreement, G2 will acquire certain oil and gas properties in the Sylvan Lake and Kirkpatrick areas of Alberta from each of SignalEnergy and the Filer.
- 4.20 The acquisition of certain oil and gas properties in the Sylvan Lake and Kirkpatrick areas of Alberta by G2 constitutes a “significant acquisition” under the Rules (the “G2 Significant Acquisition”). Together, the G2 Significant Acquisition and the Signal Significant Acquisition are referred to as the “Significant Acquisitions”.
- 4.21 The Filer has prepared an information circular (the “Circular”) in connection with the Plan of Arrangement and as a result of the Significant Acquisitions, the Legislation requires, among other things, that the Filer include in the Circular audited financial statements for the oil and gas properties acquired in respect of the Significant Acquisitions for the last two completed fiscal years (the “Property Financial Statements”). It is not possible, as a result of limited availability of, and access to, financial information for the oil and gas properties, for the Filer to provide Property Financial Statements.
- 4.22 The Filer will not include the Property Financial Statements in the Circular, but will be including audited operating statements for the oil and gas properties for the last three completed fiscal years in respect of the Signal Significant Acquisition, and the last two completed fiscal years in respect of the G2 Significant Acquisition which present, in relation to the oil and gas properties, among other things, gross revenue, royalty expenses, production costs and operating income (the “Audited Operating Statements”). The Filer will also include production estimates for 2005 and production history for 2004 in

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respect of SignalEnergy and production estimates for 2005 and production history for each of the years ended December 31, 2004, 2003 and 2002 in respect of the oil and gas properties to be acquired by G2 (collectively, the “Production 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 and the Production Statements.

Agnes Lau  
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Alberta Securities Commission