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January 10, 2006

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 114(2) Takeover Bids - Exemption from the formal take over bid requirements in Part 13 of the Act - An issuer wants to complete a take over bid that meets some, but not all of the conditions set out in s. 98 (1)(d) of the Act required for an exempt take over bid - The target company has more than 50 shareholders; the bid will satisfy all other conditions required for an exempt take over bid under s. 98(1)(d); all of the target's shareholders will receive the same consideration under the offer

## Applicable British Columbia Provisions

Securities Act, ss. 98(1)(d), 114(2)

In the Matter of  
the Securities Legislation  
of British Columbia and Alberta (the "Jurisdictions")

and

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

and

In the Matter of Oil Quest Resources plc (the "Filer")

## MRRS Decision Document

## Background

1. The local securities regulatory authority or regulator (the "Decision Maker") in the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation relating to take-over bids (the "Take-over Bid Requirements") shall not apply to the acquisition by the Filer, or an affiliate thereof, of all of the issued and outstanding:
  - 1.1 A Ordinary Shares (the "EPL A Ordinary Shares") and B Ordinary Shares (the "EPL B Ordinary Shares" and, together with the EPL A Ordinary Shares, collectively referred to as the "EPL Ordinary Shares") of EnCore Petroleum Limited ("EPL");

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- 1.2 Series A Preference Shares (the “EPL Preference Shares”) of EPL;  
and
- 1.3 A Ordinary Shares (the “EEL A Ordinary Shares”) and B Ordinary  
Shares (the “EEL B Ordinary Shares”) of EnCore Exploration Limited  
 (“EEL”)

(collectively, the “Requested Relief”).

2. Under the Mutual Reliance Review System for Exemptive Relief  
Applications (the “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 (the “Decision”).

### **Interpretation**

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

### **Representations**

4. This Decision is based on the following facts represented by the Filer:
  - 4.1 The Filer is a public limited company incorporated under the UK  
*Companies Act 1985* (the “Act”) with its principal place of business  
located in Bristol, United Kingdom.
  - 4.2 The Filer is not a reporting issuer in any jurisdiction in Canada nor are  
any of the Filer’s securities listed or posted for trading on any  
exchange or marketplace in Canada.
  - 4.3 The Filer was admitted to the AIM market of the London Stock  
Exchange (“AIM”) on February 12, 2001 and its Ordinary Shares (the  
“Filer Shares”) trade under the symbol “OILQ”.
  - 4.4 EPL is a private limited company incorporated under the Act with its  
principal place of business located in London, England.
  - 4.5 EPL is not a reporting issuer in any jurisdiction in Canada nor are any  
of EPL’s securities (including the EPL Ordinary Shares and EPL  
Preference Shares) listed or posted for trading on any exchange or  
marketplace.

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- 4.6 The authorized share capital of EPL is US\$300,000,000 divided into 100,000,000 EPL A Ordinary Shares of US\$1 each, 100,000,000 EPL B Ordinary Shares of US\$1 each and 100,000,000 EPL Preference Shares of US\$1 each, of which the following shares are issued and outstanding as fully paid:
  - 4.6.1 281,586 EPL A Ordinary Shares;
  - 4.6.2 70,397 EPL B Ordinary Shares; and
  - 4.6.3 5,626,107 EPL Preference Shares.
- 4.7 There are 77 registered and beneficial holders of the 281,586 EPL A Ordinary Shares, of which:
  - 4.7.1 19 individuals holding 47,400 EPL A Ordinary Shares (being 16.8% of all such shares issued and outstanding) are resident in Alberta; and
  - 4.7.2 1 individual holding 1,500 EPL A Ordinary Shares (being 0.53% of all such shares issued and outstanding) is resident in British Columbia.
- 4.8 There are 5 registered and beneficial holders of the 70,397 EPL B Ordinary Shares, each of whom is a director of EPL.
- 4.9 There are 77 registered and beneficial holders of the 5,626,107 EPL Preference Shares (the identities of whom are identical to the holders of A Ordinary Shares), of which:
  - 4.9.1 19 individuals holding 948,000 EPL Preference Shares (being 16.9% of all such shares issued and outstanding) are resident in Alberta; and
  - 4.9.2 1 individual holding 30,000 EPL Preference Shares (being 0.53% of all such shares issued and outstanding) is resident in British Columbia.
- 4.10 EEL is a private limited company incorporated under the Act with its principal place of business located in London, England.

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- 4.11 EEL is not a reporting issuer in any jurisdiction in Canada nor are any of EEL's securities (including the EEL Ordinary Shares) listed or posted for trading on any exchange or marketplace.
- 4.12 The authorized share capital of EEL is £2,000,000 divided into 10,000,000 EEL A Ordinary Shares of 10 pence each and 10,000,000 EEL B Ordinary Shares at 10 pence each, of which 246,483 EEL A Ordinary Shares and 985,932 EEL B Ordinary Shares are issued outstanding as fully paid.
- 4.13 There are 77 registered and beneficial holders of the 246,483 EEL A Ordinary Shares (the identities of whom are identical to the holders of EPL A Ordinary Shares and EPL Preference Shares taken together), of which:
  - 4.13.1 19 individuals holding 47,067 EEL Ordinary Shares (being 3.8% of all such shares issued and outstanding) are resident in Alberta; and
  - 4.13.2 1 individual holding 1,500 EEL Ordinary Shares (being 0.12% of all such shares issued and outstanding) is resident in British Columbia.
- 4.14 There are 5 registered and beneficial holders of the 985,932 EEL B Ordinary Shares, each of whom is a director of EEL.
- 4.15 Pursuant to the terms of a heads of terms letter agreement entered into between the Filer and each of EPL, EEL, EnCore Natural Resources Limited ("ENRL") and EnCore Oil and Gas Limited ("EOG" and, together with EPL, EEL and ENRL, collectively the "EnCore Group Companies") dated November 14, 2005, the Filer agreed to make an offer for all of the issued and outstanding shares in the capital of each of the EnCore Group Companies through the issue of an aggregate of 48,450,000 Filer Shares, in the following proportions (collectively, the "Offers"):
  - 4.15.1 EPL – 20,200,000 Filer Shares for the 281,586 EPL A Ordinary Shares, 70,397 EPL B Ordinary Shares and 5,626,107 EPL Preference Shares (each EPL A Ordinary Share, EPL B Ordinary Share and EPL Preference Share entitling the holder thereof to the same number of Filer Shares for purposes of the share exchange);

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- 4.15.2 EEL – 26,000,000 Filer Shares for the 246,483 EEL A Ordinary Shares and 985,932 EEL B Ordinary Shares;
- 4.15.3 ENRL – 650,000 Filer Shares for the 2,000 issued and outstanding Ordinary Shares in the capital of ENRL; and
- 4.15.4 EOG – 1,600,000 Filer Shares for the 100 issued and outstanding Ordinary Shares in the capital of EOG.
- 4.16 The Offers are being made to all of the shareholders of each of the EnCore Group Companies on materially similar terms and for identical consideration as it relates to each EnCore Group Company.
- 4.17 All of the issued and outstanding shares in the capital of ENRL and EOG are owned by 5 individuals, being the directors thereof and the same individuals as are the directors of each of the other EnCore Group Companies. None of these individuals is resident in Canada.
- 4.18 The issued and outstanding shares in the capital of ENRL and EOG will be acquired by the Filer through private agreements with the shareholders thereof.
- 4.19 The Offers as they pertain to EPL and EEL are conditional upon, among other things, holders of at least 90%, respectively, of the EPL A Ordinary Shares, the EPL B Ordinary Shares, the EPL Preference Shares, the EEL A Ordinary Shares and the EEL B Ordinary Shares not already held by the Filer and its affiliates, if any, tendering such shares to the applicable Offer.
- 4.20 The board of directors of each of EPL and EEL has determined that the Offers are fair and reasonable so far as the shareholders of EPL and EEL are concerned and will unanimously recommend to shareholders of EPL and EEL, respectively, to accept the Offer as it relates to EPL and EEL.
- 4.21 The Filer will enter into irrevocable lock-up agreements with the directors of each of EPL and EEL (the “Lock-up Shareholders”) who collectively hold 62,381 EPL A Ordinary Shares, being 22.2% of all such shares issued and outstanding, 70,397 EPL B Ordinary Shares, being 100% of all such shares issued and outstanding, 1,247,619 EPL Preference Shares, being 22.2% of all such shares issued and outstanding 62,381 EEL A Ordinary Shares being 25.3% of all such shares issued and outstanding, and 985,932 B Ordinary Shares of

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EEL, being 100% of all such shares issued and outstanding, whereby the Lock-up Shareholders will irrevocably agree to tender or procure the tendering of their entire shareholdings in EPL and EEL to the applicable Offers.

4.22 Pursuant to the compulsory acquisition procedures of the Act, if the Filer receives acceptances under any one Offer in respect of 90% or more of any of the classes of shares subject to the Offer in respect of EPL or EEL, as the case may be, and the applicable Offer becomes or is declared unconditional in all respects, the Filer will automatically be entitled to purchase the remaining shares subject to the Offer regardless of whether those shareholders elect to tender such shares to the applicable Offer.

4.23 There are no exemptions from the Take-over Bid Requirements available to allow the Offers in respect of EPL and EEL to occur.

### **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 all the material relating to the Offers that is sent to the holders of the EPL Ordinary Shares, EPL Preference Shares, EEL A Ordinary Shares and EEL B Ordinary Shares in the United Kingdom is concurrently sent to the holders of such securities resident in the Jurisdictions.

William S. Rice, Chair  
Alberta Securities Commission

Glenda A. Campbell, Q.C., Vice-Chair  
Alberta Securities Commission