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April 1, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 119 - Proxies/Information Circular Requirements - 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 or amalgamation - The securities that are being issued will only be outstanding for a short period of time before they are redeemed; the securities are being issued for tax reasons only, not so the shareholders continue to have an interest in the issuer; information will be provided about the parties to the transaction sufficient for shareholders to assess the transaction as a whole

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 119

National Instrument 51-102 *Continuous Disclosure Obligations*, s.13.1

Form 51-102F5, s. 14.2

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New
Brunswick, Nova Scotia and Newfoundland and Labrador
(the “Jurisdictions”)

and

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

and

In the Matter of
Fording Canadian Coal Trust
(the “Filer”)

MRRS Decision Document

Background

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 the requirements of the Legislation to include financial statement disclosure for:

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(a) each entity whose securities are being changed, exchanged, issued or distributed in connection with a restructuring transaction, and

(b) each entity that would result from a restructuring transaction,

in a management information circular sent in connection with a special meeting of securityholders at which a restructuring transaction will be considered (the “Financial Statement Requirement”), shall not apply to the management information circular of the Filer (the “Information Circular”) to be sent to the holders of units of the Filer (“Unitholders”) in connection with the annual and special meeting of Unitholders to be held on May 4, 2005 (the “Meeting”) at which Unitholders will consider an arrangement transaction involving the Filer and its wholly owned subsidiaries;

Under the Mutual Reliance Review System for Exemptive Relief Applications

(a) the Alberta Securities Commission is the principal regulator for this application, and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

1. The Filer is an open ended mutual fund trust established under the laws of the Province of Alberta pursuant to a declaration of trust (the “Declaration of Trust”) dated February 26, 2003.
2. The Filer is a reporting issuer in each of the provinces and territories of Canada where such a concept exists and is not in default of its obligations as a reporting issuer.
3. The Filer is authorized to issue an unlimited number of trust units (“Units”). As of March 10, 2005, 48,987,438 Units were issued and outstanding. The Units are listed and posted for trading on the Toronto Stock Exchange under the symbol FDG.UN and on the New York Stock Exchange under the symbol FDG.

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4. The Filer qualifies, as a Substantial Issuer, under section 2.3 of NI 44-101 to file a prospectus in the form of a short form prospectus.
5. Fording is a corporation governed by the *Canada Business Corporations Act*.
6. Fording is authorized to issue an unlimited number of common shares (the "Fording Shares"), class "A" preferred shares and class "B" preferred shares. As of March 10, 2005, 100,000 common shares were issued and outstanding and no class "A" preferred shares or class "B" preferred shares were issued and outstanding. All of the issued and outstanding Fording Shares are held by the Filer.
7. Fording has outstanding indebtedness owing to the Filer in the aggregate principal amount of \$1,565,686,520 which is represented by three interest bearing, subordinated promissory notes of Fording (the "Fording Subordinated Debt").
8. Fording does not carry on any business directly. Fording's business is principally comprised of (a) holding a 62% partnership interest (the "EVC Partnership Interest") in the Elk Valley Coal Partnership (the "EVC Partnership"), which is engaged in the mining, processing and sale of metallurgical coal, and (b) holding securities of its wholly-owned subsidiaries who are engaged in the mining, processing and sale of industrial minerals (the "Industrial Minerals Subsidiaries").
9. The EVC Partnership Interest will be reduced to 61% effective April 1, 2005 pursuant to the terms of a partnership agreement dated February 26, 2003, as amended, establishing the EVC Partnership (the "EVC Partnership Agreement").
10. Fording is proposing to undertake an arrangement under the *Canada Business Corporations Act* which would result in the reorganization of the Filer's indirect interest in the EVC Partnership to create a flow through structure (the "Arrangement").
11. The EVC Partnership is a general partnership formed under the laws of the Province of Alberta pursuant to the EVC Partnership Agreement.
12. The EVC Partnership owns and operates metallurgical coal mines situated in Alberta and British Columbia and owns 46% of the issued and outstanding shares of Neptune Bulk Terminals (Canada) Ltd., the owner of Neptune Terminals, a multi-product bulk port facility located in North Vancouver, British Columbia.

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13. The partners of the EVC Partnership and their respective ownership interests as of April 1, 2005 are as follows: Fording (61%), Teck Cominco Coal Partnership (38.836%) and The Quintette Coal Partnership (0.164%).
14. Pursuant to the EVC Partnership Agreement, Teck Cominco Coal Partnership is the managing partner of the EVC Partnership.
15. A numbered company ("Newco2") will be a corporation incorporated under the *Canada Business Corporations Act* prior to the Arrangement. Newco2 will be incorporated for the sole purpose of effecting the Arrangement.
16. Newco2 will be authorized to issue an unlimited number of common shares, an unlimited number of non-voting, redeemable, retractable class A preferred shares (the "Class A Shares") and an unlimited number of non-voting, redeemable, retractable class B preferred shares. Prior to the Arrangement, the Filer will be the sole shareholder of Newco2.
17. Fording Limited Partnership ("Fording LP") will be a limited partnership established under the *Partnership Act* (Alberta) prior to the Arrangement.
18. Prior to the Arrangement, an indirect wholly-owned subsidiary of Fording will be the sole general partner of Fording LP and Fording will be the sole limited partner of Fording LP.
19. As part of the Arrangement:
 - (a) the Filer will subscribe for Class A Shares and will distribute the Class A Shares to its Unitholders as a return of capital;
 - (b) following a series of transactions that will result in Newco2 acquiring all of the Fording Shares and Fording Subordinated Debt, Newco2 and Fording will amalgamate to form "Fording Amalco";
 - (c) following the amalgamation and a series of transactions that will result in the Filer acquiring all of the assets of Fording Amalco, other than an amount of cash to be retained by Fording Amalco in respect of possible unpaid liabilities, Fording Amalco will redeem all of the Class A Shares in exchange for Units, following which the Class A Shares will be cancelled;
 - (d) the issued and outstanding Units will be consolidated on a basis such that the number of Units outstanding following the consolidation will be equal

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to the number of Units outstanding immediately prior to the effective time of the Arrangement; and

(e) the Units will then be subdivided on a 3-for-1 basis.

20. The completion of the Arrangement is conditional upon the receipt of an advance tax ruling from the Canada Revenue Agency upon terms and conditions satisfactory to the Filer, the receipt of a final order from the Alberta Court of Queen's Bench in respect of the Arrangement and the approval of the Arrangement by special resolution of the Unitholders at the Meeting.
21. Following completion of the Arrangement, the EVC Partnership Interest will be held by Fording LP, rather than Fording, and the Filer will directly hold all of the limited partnership interests in Fording LP and the securities of the Industrial Minerals Subsidiaries previously held by Fording.
22. The Arrangement is being undertaken to reorganize the manner in which the Filer holds its operating assets. The Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any of the Filer's existing operating assets. Following completion of the Arrangement, Unitholders will continue to hold Units of the Filer and the Filer will continue to indirectly own all of its existing operating assets. While changes to the financial statements of the Filer will likely be required to reflect the Filer's organizational structure following the Arrangement, the financial position of the Filer at that time will largely be the same as is reflected in the Filer's audited financial statements for the year ended December 31, 2004.
23. Newco2 will not carry on any business prior to the Arrangement and following the amalgamation of Newco2 and Fording pursuant to the Arrangement, Fording Amalco will not carry on any business.
24. The Information Circular will contain prospectus level disclosure of the Filer including the Filer's audited annual financial statements for the year ended December 31, 2004.
25. The Information Circular will contain prospectus level disclosure of Newco2 and Fording Amalco (other than the financial statement disclosure required by the Financial Statement Requirement).

Decision

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.

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The decision of the Decision Makers under the Legislation is that the Financial Statement Requirement for Newco2 and Fording Amalco shall not apply to the Information Circular, provided the Filer complies with all other requirements of the Legislation, including but not limited to the requirement that the Information Circular include the audited consolidated financial statements of the Filer for the year ended December 31, 2004.

DATED in Calgary, Alberta this 1st day of April, 2005.

Agnes Lau, CA
Deputy Director, Capital Markets