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Headnote

Mutual Reliance Review System for Exemptive Relief Application – relief granted from the requirement in Multilateral Instrument 45-102 *Resale of Securities* for a qualifying issuer to have a current annual information form – issuer relying on a reverse take-over information circular as an alternative form of annual information form

Applicable British Columbia Provisions

Multilateral Instrument 45-102 *Resale of Securities*, sections 1.1 and 4.1

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, AND ONTARIO

AND

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

AND

IN THE MATTER OF MILLENNIUM ENERGY INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in British Columbia, Alberta, and Ontario (the “Jurisdictions”) has received an application from Millennium Energy Inc. (“Millennium”) for a decision under section 4.1 of Multilateral Instrument 45-102 *Resale of Securities* (“MI 45-102”) that the requirement contained in MI 45-102 for a qualifying issuer (the “Qualifying Issuer”) to have a current annual information form (“AIF”) filed on the system for electronic document analysis and retrieval (“SEDAR”) shall not apply to Millennium;
2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”) the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;
4. AND WHEREAS Millennium has represented to the Decision Makers that:

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- 4.1 Millennium is a corporation incorporated under the laws of Alberta and its head office is located in Calgary, Alberta;
- 4.2 Millennium is a reporting issuer under the securities legislation in each of the Jurisdictions (the "Legislation") and is not in default of any of its obligations under Legislation;
- 4.3 the common shares of Millennium are listed and posted on the TSX Venture Exchange (the "Exchange");
- 4.4 Millennium's authorized share capital consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of Class B Shares, Class C Shares, Class D Shares and Class E Shares preferred shares of which, at the date hereof, there are 24,790,459 Common Shares outstanding;
- 4.5 by way of a statutory plan of arrangement (the "Arrangement"), expected to become effective on or about July 24, 2003, among Millennium and its security holders, Crossfield Gas Corp. ("Crossfield") and its security holders, 1036655 Alberta Ltd., and 1050412 Alberta Ltd.,
 - 4.5.1 Millennium will issue 6.3 Common Shares for each Crossfield common share and special warrant, based on an ascribed value of \$0.22 (pre-consolidated) per Common Share;
 - 4.5.2 each option of Crossfield will be changed into an option to acquire 6.3 pre-consolidated Common Shares; and
 - 4.5.3 a consolidation of the outstanding Common Shares will occur on a one for 15 basis;
- 4.6 the Arrangement constitutes a reverse take-over under Exchange Policy 5.2 *Changes of Business and Reverse Take-overs*;
- 4.7 before the closing of the Arrangement, Millennium proposes to complete a financing ("Financing") for aggregate gross proceeds of up to \$1,200,000, by way of a private placement to Millennium insiders and other parties designated by Millennium;
- 4.8 the Financing will consist of the issue of units priced at \$0.24 (pre-consolidated), that are contemplated to be issued to residents of Alberta

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and an international resident, each of which will consist of one Common Share and one Millennium warrant;

- 4.9 the placees under the Financing will be directors and senior officers of Millennium and certain of their spouses and children and employees of APF Energy Inc., a management company which, pursuant to a management contract with Millennium, manages the business and properties of Millennium, and certain of their spouses;
- 4.10 all of the placees under the Financing have the same access to information about Millennium, its assets and operations;
- 4.11 special meetings (“Special Meetings”) for the security holders (the “Security Holders”) of Millennium and Crossfield, respectively, are to be held on or about July 24, 2003, where the Security Holders, respectively, will be asked to pass a special resolution (the “Special Resolution”) approving the Arrangement, amongst other matters;
- 4.12 Millennium and Crossfield prepared a draft joint management information circular (the “Circular”) in connection with the Arrangement and the Special Meetings;
- 4.13 the Circular has been filed with the Exchange and the Toronto Stock Exchange (“TSX”) and has been reviewed and approved by the Exchange;
- 4.14 the Circular contains prospectus level disclosure and includes,
 - 4.14.1 audited financial statements of Millennium for each of its last three financial years;
 - 4.14.2 audited financial statements of Crossfield for the two years that it has been in existence;
 - 4.14.3 audited operating statements with respect to a significant acquisition made by Crossfield in 2001; and
 - 4.14.4 pro forma financial statements for Millennium for the year ended December 31, 2002 and for the three months ended March 31, 2003;
- 4.15 Millennium and Crossfield have also had independent engineering reports consistent with National Policy Statement 2-B *Guide for*

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Engineers, Geologists and Prospectors Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators prepared effective January 1, 2003 with respect to their oil and natural gas properties, which they have filed in accordance with National Instrument 13-101 *SEDAR*;

- 4.16 Millennium has received conditional approval from the Exchange and TSX regarding the listing of the shares to be issued on the Arrangement;
- 4.17 as Millennium does not have a current AIF, as defined in MI 45-102, filed on SEDAR, it is not a qualifying issuer under MI 45-102; and
- 4.18 the Circular contains all of the information that is prescribed by Form 44-101F1 AIF of National Instrument 44-101 *Short Form Prospectus Distributions*;
5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);
6. AND WHEREAS 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;
7. THE DECISION of the Decision Makers under MI 45-102 is that:
 - 7.1 under section 4.1 of MI 45-102, Millennium is exempt from the requirement contained in the definition of Qualifying Issuer to have a current AIF filed on SEDAR provided that:
 - 7.1.1 Millennium files a Form 45-102F2 on or before the tenth day after the distribution date of any securities certifying that it is a Qualifying Issuer except for the requirement that Millennium have a current AIF; and
 - 7.1.2 at the distribution date of any securities, Millennium has filed a notice on SEDAR advising that it has filed the Circular as an alternative form of AIF and identifying the SEDAR project number under which the Circular was filed; and
 - 7.2 this order expires 140 days after Millennium’s financial year ended December 31, 2003.

DATED this 23rd day of July, 2003

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Glenda A. Campbell, Q.C., Vice-Chair
Stephen R. Murison, Vice-Chair