

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – relief from the take-over bid requirements for the purchase of 30% of a company’s common shares from six founding shareholders. The purchase of the common shares is a condition to a transaction to acquire another company by a capital pool corporation, which transaction is a qualifying transaction as defined in the policies of the TSX Venture Exchange.

**Applicable Alberta Statutory Provisions**

*Securities Act*, R.S.A., 2000, c.S-4, s. 166 to 170, 175, and 179(2)(c).

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF  
THE ULYSSES GROUP LTD., CARBONMAX ENERGY CORPORATION,  
LYLE DUNKLEY, ANGELINE VERENKA, JOHN ROSS MACMILLAN  
AND DAVID ANTONY

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in Alberta and Saskatchewan (the “Jurisdictions”) has received an application from The Ulysses Group Ltd. (“Ulysses”), CarbonMax Energy Corporation, Lyle Dunkley, Angeline Verenka, John Ross MacMillan, and David Antony, (collectively, the “Purchasers”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the requirements contained in the Legislation pertaining to a take-over bid (the Take-Over Bid Requirements”) will not apply to trades in connection with the acquisition by the Purchasers of 1,400,000 common shares of Ulysses (the “Founders Shares”) from six founding shareholders of Ulysses (the “Founders”);
2. AND WHEREAS pursuant to 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 used herein have the meaning set out in National Instrument 14-101 *Definitions*;

4. AND WHEREAS the Ulysses and the Purchasers have represented to the Decision Makers that:
- 4.1 Ulysses was incorporated on February 5, 2001 under the laws of Alberta;
  - 4.2 the authorized capital of Ulysses is comprised of an unlimited number of common shares (the “Common Shares”) and an unlimited number of preferred shares, of which there are currently 4,500,000 Common Shares and no preferred shares issued and outstanding;
  - 4.3 Ulysses became a reporting issuer in Alberta on May 23rd, 2001 by virtue of obtaining a receipt for a prospectus from the Alberta Securities Commission, and then became a reporting issuer in British Columbia on October 5th, 2001 by virtue of listing its Common Shares for trading on the TSX Venture Exchange (the “Exchange”), and it remains a reporting issuer in those jurisdictions;
  - 4.4 the Common Shares are listed and posted for trading on the Exchange under the symbol “ULY”;
  - 4.5 Ulysses is not in default of any requirements of the Legislation or of the securities legislation of British Columbia;
  - 4.6 Ulysses and the Purchasers entered into a letter of intent dated July 9, 2002 with Semper Energy Inc. (“Semper”) pursuant to which Ulysses has agreed to make an offer to acquire all of Semper’s issued and outstanding securities for a consideration of approximately 8,000,000 Common Shares (the “Qualifying Transaction”). The Qualifying Transaction will constitute Ulysses’s “qualifying transaction” as defined under the Exchange’s policies;
  - 4.7 it is a condition of the Qualifying Transaction that the Founders transfer the Founders Shares to the Purchasers (the “Share Acquisition”);
  - 4.8 the following are the Founders, the Purchasers and the number of Founders Shares to be sold and purchased respectively by each:

<b><u>Founders</u></b>	<b><u>Purchasers</u></b>	<b><u>Number of Shares</u></b>	<b><u>Consideration</u></b>
Gordon Anderson	Lyle Dunkley (RRSP)	233,400	\$35,010
Lynda J. Taylor	CarbonMax Energy Corporation	233,400	\$35,010
Clive Llewellyn	BMO Nesbitt Burns ITF Angeline Verenka	233,300	\$34,995
Alex Karmis	BMO Nesbitt Burns ITF Angeline Verenka	233,300	\$34,995
Ken Blatz	John Ross MacMillan	135,000	\$20,250

Ken Blatz	David Antony	75,000	\$11,250
Wayne Berg	BMO Nesbitt Burns ITF Angeline Verenka	133,400	\$20,010
Wayne Berg	Carbonmax Energy Corporation	91,600	\$13,740
Wayne Berg	Lyle Dunkley (RRSP)	8,300	\$ 1,245
Ken Blatz	Lyle Dunkley (RRSP)	<u>23,300</u>	<u>\$ 3,495</u>
<b>Totals:</b>		1,400,000	\$210,000.00

- 4.9 five of the Purchasers are resident in Alberta and one of the Purchasers is resident in Saskatchewan;
- 4.10 under the Share Acquisition, each Founder will divest approximately 70% of the Ulysses common shares held by such Founder;
- 4.11 the Founders Shares are subject to an escrow agreement dated May 9, 2001 among Ulysses, Valiant Corporate Trust Company, and the Founders (the “Escrow Agreement”), and will be released from escrow on a fixed schedule following completion of the Qualifying Transaction;
- 4.12 a total of 2,000,000 Common Shares are subject to escrow;
- 4.13 the Founders purchased the Founders Shares in reliance on exemptions contained in the securities legislation of Alberta at a price of \$0.10 per Common Share;
- 4.14 each of the Purchasers is at arm’s length to each of the Founders;
- 4.15 the Share Acquisition is fully disclosed in an information circular (the “Information Circular”) provided to all holders of Common Shares prior to the annual and special shareholder meeting of Ulysses to be held on October 18, 2002 (the “Meeting”);
- 4.16 all of the terms of the Share Acquisition are disclosed in the Information Circular;
- 4.17 the Information Circular discloses that the Founders will be disposing of their Common Shares under the Share Acquisition at a price of \$0.15 per Common Share;
- 4.18 at the Meeting, the majority of the minority of shareholders of Ulysses will be required to approve the Qualifying Transaction;
- 4.19 the Share Acquisition is conditional upon the approval of the transfer of the Founders Shares to the Purchasers within escrow by the Exchange and approval of the Qualifying Transaction by the Exchange and the shareholders of Ulysses at the Meeting;

- 4.20 application has been made to the Exchange for approval of the Qualifying Transaction and for consent to transfer the Founders Shares within escrow to the Purchasers;
- 4.21 the Exchange has reviewed the terms and conditions of the Qualifying Transaction and the Share Acquisition and has reviewed the Information Circular;
- 4.22 the Exchange, by letter dated September 23, 2002, has provided conditional approval of the Qualifying Transaction;
- 4.23 one of the conditions of the Exchange's approval of the Qualifying Transaction is that Ulysses provide to the Exchange a certified copy of the Scrutineer's Report, which details the results of the shareholders' vote to approve the Qualifying Transaction and confirms that no related parties voted on the resolution to approve the Qualifying Transaction;
- 4.24 the Exchange's letter of September 23, 2002 also conditionally accepts the transfer of the Founders Shares within escrow, subject to filing with the Exchange the following:
  - 4.24.1 an undertaking from CarbonMax Energy Corporation ("CarbonMax") indicating that during the duration of the Escrow Agreement, CarbonMax will not carry out any transaction that would result in a change of control of CarbonMax, without the consent of the Exchange;
  - 4.24.2 confirmation that the Alberta and Saskatchewan Securities Commissions have granted an exemption to the Purchasers from the Take-Over Bid Requirement;
  - 4.24.3 properly executed Form 5Es from each of the Purchasers, which acknowledge that the Purchasers will be bound by the terms of the Escrow Agreement;
- 4.25 with the exception of Alex Karmis, all of the Founders are currently directors of Ulysses and two of the Founders who are directors are also officers of Ulysses;
- 4.26 upon completion of the Qualifying Transaction, one of the Founders, Gordon Anderson, will remain as a director of Ulysses;
- 4.27 upon completion of the Qualifying Transaction, Lyle Dunkley, David Antony, and John Ross MacMillan will become directors of Ulysses, David Antony and John Ross MacMillan will also become officers of Ulysses;

- 4.28 the Founders Shares represent approximately 31.1% of Ulysses's currently issued and outstanding common shares;
- 4.29 the Share Acquisition constitutes a "take-over bid" as defined in the Legislation for which there is no exemption;
- 4.30 the Share Acquisition is not an exempt take-over bid under the Legislation as the bid is being made to more than five persons or companies;
- 4.31 the Purchasers propose to acquire the Founders Shares at \$0.15 per Common Share, which is a consideration not exceeding 115% of the "market price" (as defined under the Legislation) of the Common Shares of \$0.19 per Common Share; and
- 4.32 in the absence of this order, the Purchasers would be required to comply with the take-over bid requirements of the Legislation;
5. AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;
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 this Decision has been met.
7. THE DECISION of the Decision Makers under the Legislation is that the Take-Over Bid Requirements will not apply to the Share Acquisition.

DATED this 17<sup>th</sup> day of October, 2002.

"original signed by"  
Eric T. Spink, Vice-Chair

"original signed by"  
Thomas G. Cooke, Q.C., Member