

## **Headnote**

Mutual Reliance Review System for Exemptive Relief Application – relief granted from the requirement to include prospectus level disclosure in an information circular on the condition that the circular incorporate by reference information required under NI 44-101 to be included in a short form prospectus.

## **Applicable Alberta Statutory Provisions**

Item 11 of Form 30 – prospectus level disclosure  
National Instrument 44-101 – Short Form Shelf Distribution

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, SASKATCHEWAN, ONTARIO AND QUÉBEC**

**AND**

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

**AND**

**IN THE MATTER OF  
KETCH ENERGY LTD. AND  
ACCLAIM ENERGY TRUST**

## **DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario and Québec (the "Jurisdictions") have received an application from Ketch Energy Ltd. and Acclaim Energy Trust (collectively, the "Filers") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that with respect to the requirement contained in the Legislation to describe the substance of the matters to be submitted to Ketch's securityholders (the "Ketch Securityholders") at the special meeting (the "Meeting") to be held on September 26, 2002 in the information circular dated August 21, 2002 (the "Circular") provided by Ketch Energy Ltd. ("Ketch") to the Ketch Securityholders, which matters must be described in sufficient detail to permit the Ketch Securityholders to form a reasoned judgment concerning said matters having reference to a prospectus form for guidance as to what is material (the "Prospectus Form Disclosure"), Ketch be exempt from the requirement that it must include the Prospectus Form Disclosure in the Circular (the "Prospectus Form Disclosure Inclusion Requirements"), provided that the Circular incorporate by reference the following information in respect of Ketch and Acclaim Energy Trust ("Acclaim") required under National Instrument 44-101 – Short Form Prospectus Distributions ("NI 44-101") to be included in a short form prospectus of Ketch and Acclaim, respectively:

1. Ketch's 2001 Annual Information Form and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2001 incorporated therein;
2. the audited consolidated financial statements as at December 31, 2001 and December 31, 2000 together with the notes thereto and the auditors' report therein, which are contained in the 2001 Annual Report of Ketch;
3. the unaudited consolidated financial statements of Ketch and management's discussion and analysis of the financial condition and operations as at and for the three month period ended March 31, 2002;
4. the historical financial statements of Post Energy Corporation contained in Appendix B to the short form prospectus of Ketch dated April 19, 2002;
5. Ketch's Information Circular - Proxy Statement dated March 31, 2002 in connection with the annual and special meeting of shareholders held on May 23, 2002 (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference in a short form prospectus, being the disclosure given under the headings, "Directors' and Officers' Compensation — Composition of the Compensation Committee", "Directors' and Officers' Compensation — Report of the Compensation Committee", "Directors' and Officers' Compensation — Performance Graph" and "Statement of Corporate Governance Practices");
6. the material change report of Ketch dated July 19, 2002 with respect to the Arrangement (as defined below);
7. Acclaim's 2001 Annual Information Form and management's discussion and analysis of financial conditions and results of operations for the year ended December 31, 2001 included therein;
8. the audited consolidated financial statements of Acclaim as at and for the year ended December 31, 2001, together with the notes thereto and the auditors' report thereon;
9. the unaudited consolidated financial statements of Acclaim and management's discussion and analysis of the financial condition and operations of Acclaim as at and for the three month period ended March 31, 2002;
10. Acclaim's Information Circular dated March 31, 2002 relating to the annual and special meeting of Unitholders held on May 14, 2002, excluding the sections entitled "Compensation Committee of Acclaim", "Performance Graph" and "Corporate Governance";
11. the material change report of Acclaim dated February 21, 2002 with respect to an offering of trust units;
12. the material change report of Acclaim dated July 22, 2002 with respect to the Arrangement; and

13. any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon and information circulars (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference in a short form prospectus) filed by Ketch or Acclaim with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Circular and prior to the effective date of the Arrangement.

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;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 or in Québec Commission Notice 14-101;

AND WHEREAS the Filers have represented to the Decision Makers that:

1. Ketch is a corporation continued under the Business Corporations Act (Alberta) (the "ABCA") and is headquartered in Calgary, Alberta;
2. Ketch's business is the acquisition of interests in petroleum and natural gas rights and the exploration for and the development, production, marketing and sale of, petroleum and natural gas;
3. The authorized capital of Ketch consists of 100,000,000 common shares (the "Ketch Shares"), of which, as at June 30, 2002, 46,744,285 Ketch Shares and 3,338,000 options ("Options") to acquire Ketch Shares were issued and outstanding;
4. Ketch is, and has been for a period of time in excess of 12 months, a reporting issuer (where such concept exists) under the Legislation of each of the Jurisdictions. To the best of its knowledge, information and belief, Ketch is not in default of the requirements under the Legislation or the regulations made thereunder;
5. The Ketch Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "KCH";
6. Acclaim is a trust settled under the laws of Alberta and is headquartered in Calgary, Alberta;
7. Acclaim's business is the acquisition of interests in crude oil and natural gas rights and the exploration, development, production, marketing and sale of crude oil and natural gas;
8. The authorized capital of Acclaim consists of an unlimited number of trust units ("Trust Units") and an unlimited number of special voting units ("Special Voting Units") of which, as of July 18, 2002, there were 32,252,809 Trust Units and 1 Special Voting Unit (representing 29,174,184 votes) issued and outstanding;

9. Acclaim is, and has been for a period of time in excess of 12 months, a reporting issuer (where such concept exists) under the Legislation of each of the Jurisdictions. To the best of its knowledge, information and belief, Acclaim is not in default of the requirements under the Legislation or the regulations made thereunder;
10. The Trust Units are listed and posted for trading on the TSX under the trading symbol "AE.UN";
11. Acclaim Energy Inc. ("AEI") is a corporation wholly-owned by Acclaim;
12. AEI is the corporation resulting from the amalgamation on April 20, 2001 of Danoil Energy Ltd. and Nevis Ltd.;
13. The head and principal offices of AEI are located at Suite 500, 505 – 3rd Avenue S.W., Calgary, Alberta, T2P 3G6;
14. The principal business of AEI is to manage and administer the operating activities associated with the oil and gas properties in which it has an interest;
15. Ketch Resources Ltd. ("ExploreCo"), a wholly owned subsidiary of Ketch, is a corporation incorporated under the ABCA and is headquartered in Calgary, Alberta;
16. After giving effect to the proposed plan of arrangement (the "Arrangement") involving Ketch, the Ketch Securityholders, Acclaim and ExploreCo, all of Ketch's assets located in the Boundary Lake, Cecil/Hamelin, Progress/Valhalla, Ferrier/Ricinis, Kaybob and Orion areas of Alberta and British Columbia will be transferred to ExploreCo;
17. The authorized capital of ExploreCo includes an unlimited number of common shares ("ExploreCo Shares");
18. ExploreCo will apply to list the ExploreCo Shares on the TSX;
19. Under the terms of the Arrangement, each Ketch Share will be exchanged for 1.15 Trust Units. In addition, each holder of Ketch Shares will receive one ExploreCo Share for each three Ketch Shares held pursuant to the Arrangement, all unexercised options to acquire Ketch Shares ("Options") will be cancelled and the holders thereof will be entitled to receive Trust Units in respect of each such Option. The number of Trust Units received will be based upon the 95% of the amount by which the weighted average trading price of the Ketch Shares exceeds the exercise price of such Option, multiplied by the number of Ketch Shares to which such Option relates divided by the weighted average trading price of the Trust Units. Optionholders who exercise their Options prior to the effective time of the Arrangement and thereby acquire Ketch Shares will receive the Trust Units and ExploreCo Shares issuable to Ketch Shareholders pursuant to the Arrangement;

20. The Circular forwarded to the Ketch Securityholders on August 23, 2002 in connection with the Meeting will be prepared in accordance with the Legislation, except with respect to the relief granted therefrom, and will contain disclosure of the Arrangement and the business and affairs of each of Ketch and Acclaim;
21. The Circular will incorporate by reference information in respect of each of the Filers required under NI 44-101 to be included in a short form prospectus (which information has been filed pursuant to National Instrument 13-101 – System for Electronic Document Analysis and Retrieval) of each of the Filers;
22. The Trust Units to be distributed in connection with the Arrangement are of a type for which Acclaim is qualified under NI 44-101 to file a prospectus in the form of a short form prospectus; and
23. The Ketch Shares are of a type for which Ketch is qualified under NI 44-101 to file a prospectus in the form of a short form prospectus;

AND WHEREAS pursuant to the System this decision document evidences the decision of each Decision Maker (collectively, the "Decision");

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;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Prospectus Form Disclosure Inclusion Requirements shall not apply in connection with the disclosure pertaining to the Filers in the Circular, provided that the Circular incorporates by reference the following information in respect of the Filers required under NI 44-101 to be included in a short form prospectus of the Filers:

1. Ketch's 2001 Annual Information Form and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2001 incorporated therein;
2. the audited consolidated financial statements as at December 31, 2001 and December 31, 2000 together with the notes thereto and the auditors' report therein, which are contained in the 2001 Annual Report of Ketch;
3. the unaudited consolidated financial statements of Ketch and management's discussion and analysis of the financial condition and operations as at and for the three month period ended March 31, 2002;
4. the historical financial statements of Post Energy Corporation contained in Appendix B to the short form prospectus of Ketch dated April 19, 2002;

5. Ketch's Information Circular - Proxy Statement dated March 31, 2002 in connection with the annual and special meeting of shareholders held on May 23, 2002 (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference in a short form prospectus, being the disclosure given under the headings, "Directors' and Officers' Compensation — Composition of the Compensation Committee", "Directors' and Officers' Compensation — Report of the Compensation Committee", "Directors' and Officers' Compensation — Performance Graph" and "Statement of Corporate Governance Practices");
6. the material change report of Ketch dated July 19, 2002 with respect to the Arrangement (as defined below);
7. Acclaim's 2001 Annual Information Form and management's discussion and analysis of financial conditions and results of operations for the year ended December 31, 2001 included therein;
8. the audited consolidated financial statements of Acclaim as at and for the year ended December 31, 2001, together with the notes thereto and the auditors' report thereon;
9. the unaudited consolidated financial statements of Acclaim and management's discussion and analysis of the financial condition and operations of Acclaim as at and for the three month period ended March 31, 2002;
10. Acclaim's Information Circular dated March 31, 2002 relating to the annual and special meeting of Unitholders held on May 14, 2002, excluding the sections entitled "Compensation Committee of Acclaim", "Performance Graph" and "Corporate Governance";
11. the material change report of Acclaim dated February 21, 2002 with respect to an offering of trust units;
12. the material change report of Acclaim dated July 22, 2002 with respect to the Arrangement; and
13. any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon and information circulars (excluding those portions that are not required pursuant to NI 44-101 to be incorporated by reference in a short form prospectus) filed by Ketch or Acclaim with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Information Circular and prior to the effective date of the Arrangement.

Dated at Edmonton, Alberta this 6<sup>th</sup> day of September, 2002.

"original signed by"

Agnes Lau, CA  
Deputy Director, Capital Markets