

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 Provision(s)

National Instrument 44-101 – Short Form Prospectus Distributions

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
QUÉBEC, NOVA SCOTIA, NEW BRUNSWICK
AND NEWFOUNDLAND and LABRADOR**

AND

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

AND

**IN THE MATTER OF
RIO ALTO EXPLORATION LTD.
AND
CANADIAN NATURAL RESOURCES LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker ") in each of British Columbia, Alberta, Saskatchewan, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the "Jurisdictions") have received an application dated May 17, 2002 from Rio Alto Exploration Ltd. (the "Filer") 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 the Filer's securityholders (the "Rio Alto Securityholders") at the annual and special meeting (the "Meeting") to be held on June 27, 2002 in the information circular dated May 29, 2002 (the "Circular") provided by the Filer to the Rio Alto Securityholders, which matters must be described in sufficient detail to permit the Rio Alto 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"), the Filer 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 information in respect of the Filer and Canadian Natural Resources Limited ("CNRL") required under National Instrument 44-101 – Short Form Prospectus Distributions ("NI 44-101") to be included in a short form prospectus of the Filer and CNRL, respectively;

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 the Filer has represented to the Decision Makers that:

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta) (the "ABCA") and is headquartered in Calgary, Alberta;
2. The Filer'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 the Filer includes an unlimited number of common shares (the "Rio Alto Shares"), of which, as at May 17, 2002, 75,865,567 Rio Alto Shares were issued and outstanding;
4. The Filer 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, the Filer is not in default of the requirements under the Legislation or the regulations made thereunder;
5. The Rio Alto Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "RAX";
6. CNRL is a corporation incorporated under the ABCA and is headquartered in Calgary, Alberta;
7. CNRL'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 CNRL includes an unlimited number of common shares (the "CNRL Shares") and 200,000 class 1 preferred shares, of which, as at May 17, 2002, only 122,927,720 CNRL Shares were issued and outstanding;
9. CNRL 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 the Filer's knowledge, information and belief, CNRL is not in default of the requirements under the Legislation or the regulations made thereunder;
10. The CNRL Shares are listed and posted for trading on the TSX under the trading symbol "CNQ" and on the New York Stock Exchange under the trading symbol "CED";

11. Rio Alto Resources International Inc. ("Rio Alto International"), a wholly owned subsidiary of the Filer, is a corporation incorporated under the ABCA and is headquartered in Calgary, Alberta;
12. After giving effect to the proposed plan of arrangement (the "Arrangement") involving the Filer, the Rio Alto Securityholders, CNRL and Rio Alto International, all of the (i) issued shares, and thereby the business, assets and liabilities (which assets for a particular company may include all or a portion of the issued shares of any one or more of the following entities), of Petrolera Rio Alto S.A., Rio Alto, LLC, Bellwether International, LLC, Grantmining S.A., Petrobell, LLC, Rio Alto Exploracion S.A. and Tiguino Resources (B.V.I.) Ltd. (or, as applicable, any successor or assignee entity that succeeds to or is assigned all or a portion of such business, assets and liabilities) (collectively, the "Foreign Affiliates"), and (ii) inter-company receivables held by the Filer in respect of which the Foreign Affiliates are the debtors, will be transferred to Rio Alto International;
13. The authorized capital of Rio Alto International includes an unlimited number of common shares;
14. Rio Alto International will apply to list the common shares of Rio Alto International on the TSX;
15. Under the terms of the Arrangement, each Rio Alto Share will be exchanged, at the election of the Rio Alto Securityholder, for either (i) 0.3468 of a CNRL Share, subject to a maximum of 12,270,000 CNRL Shares, (ii) \$18.10 in cash, subject to a maximum of \$850,000,000, or (iii) any combination of the foregoing, subject to prorationing in the event the foregoing maximums are exceeded. In addition, each holder of Rio Alto Shares will receive one common share of Rio Alto International for each Rio Alto Share held;
16. The Circular forwarded to the Rio Alto Securityholders on June 3, 2002 in connection with the Meeting was prepared in accordance with the Legislation, except with respect to the relief granted therefrom, and contains disclosure of the Arrangement and the business and affairs of each of the Filer and CNRL;
17. The Circular incorporates by reference information in respect of CNRL and the Filer 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 CNRL and the Filer, respectively;
18. The CNRL Shares to be distributed in connection with the Arrangement are of a type for which CNRL is qualified under NI 44-101 to file a prospectus in the form of a short form prospectus; and
19. The Rio Alto Shares are of a type for which the Filer 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 Filer and CNRL in the Circular, provided that the Circular incorporates by reference the information in respect of the Filer and CNRL required under NI 44-101 to be included in a short form prospectus of the Filer and CNRL, respectively.

Dated this 26th day of June, 2002.

“original signed by”
Agnes Lau, CA
Deputy Director, Capital Markets