

VIA SEDAR

December 20, 2000

Borden Ladner & Gervais

Attention: Michael Holder

Dear Sir:

**Re: EnerVest Funds Management Inc.
MRRS Application pursuant to subsection 5.5(1)(b) of National Instrument
81-102 Mutual Funds ("NI81-102")
SEDAR Project #305803**

By letter dated October 17, 2000 (the "Application"), you applied to the securities regulatory authority in each province of Canada (the "Decision Makers"), on behalf of EnerVest Natural Resource Fund Ltd. and Lion Natural Resources Fund (collectively the "Funds") for approval under subsection 5.5(1)(b) of NI81-102 of the merger of the Funds.

This letter confirms that, based on the information and representations contained in the Application, and for the purposes described in the Application, the Decision Makers hereby grant the approval under subsection 5.5(1)(b) of NI81-102 for the merger of the Funds. This approval is subject to the following conditions:

1. all unitholders of the Terminating Fund who purchased units subsequent to August 24, 2000 (the "Affected Unitholders") are provided with a prospectus and the right to cancel (the "Cancellation Right") such trades within twenty business days of the date on which a statement (the "Statement") describing the Cancellation Right is mailed by Lion Funds Management Inc. to the Affected Unitholders and to receive, upon the exercise of a Cancellation Right, the purchase price paid on acquisition of such units and all fees and expenses incurred in effecting such purchase (the net asset value per unit on the date of such a purchase by and Affected Unitholder is hereinafter defined as the "Purchase Price per Unit");
2. Lion Funds Management Inc. mail the Statement to the Affected Unitholders as soon as possible and in any event no later than December 31, 2000; and
3. if the net asset value per unit of the Terminating Fund on the date that an Affected Unitholder exercises the Cancellation Right is less than the Purchase Price per unit, Lion Fund Management, shall reimburse the Fund the difference between the Purchase Price per Units and the net asset value per unit on the date on which such Affected Unitholder exercises the Cancellation Right.

The relief provided herein is conditional upon compliance with all applicable provisions of NI81-102.

Yours truly,

“Kenneth A Parker”
Kenneth A. Parker
Director, Capital Markets