



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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VIA SEDAR

December 18, 2000

Borden Ladner Gervais LLP

Attention: Michael R. Holder

Dear Sirs/Mesdames:

RE: Lion Natural Resource Fund
- Application for Approval pursuant to section 5.5 of National Instrument
81-102 Mutual Funds
- Application 1159/00, SEDAR Project # 305795

By letter dated October 17, 2000 you applied to the local securities regulatory authority (the "Decision Maker") in each of the provinces and territories of Canada, on behalf Lion Funds Management Inc. and Lion Natural Resource Fund (the "Fund") for prior approval of the change of the manager of the Fund pursuant to clause 5.5(1)(a) of National Instrument 81-102 Mutual Funds ("NI 81-102").

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 approval to change the manager of the Fund from Lion Funds Management Inc. to EnerVest Funds Management Inc. provided that:

1. all unitholders of the 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 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 approval provided herein is subject to compliance with all applicable provisions of NI 81-102.

Yours very truly,

J. A. Geller

J. A. Geller

Robert W. Korthals

Robert W. Korthals