

THE SECURITIES ACT) Order No. 4841
)
Section 20(1)) July 27, 2005

**GOOSE RIVER RESOURCES LTD., SIGNAL ENERGY INC.
AND G2 RESOURCES INC.**

WHEREAS:

(A) Application has been made by Goose River Resources Ltd. (the "**Company**" or "**Goose River**"), G2 Resources Inc. ("Newco") and Signal Energy Inc. ("**Signal**") to The Manitoba Securities Commission (the "Commission") for an order pursuant to Section 20(1) of *The Securities Act*, R.S.M. 1988, c.S50 (the "**Act**") that the dealer registration requirement and the prospectus requirement contained in sections 6 and 37 of the Act (the "**Registration and Prospectus Requirements**") shall not apply to certain trades in securities to be made in connection with a proposed plan of arrangement (the "**Arrangement**") under the provisions of Section 193 of the Business Corporations Act (Alberta) (the "**ABCA**") involving Newco, Signal, the Company and holders of common shares ("**Common Shares**") of the Company ("**Shareholders**") pursuant to an arrangement agreement dated May 13, 2005 as amended by the Amendment to the Arrangement Agreement dated June 29, 2005 (the "**Arrangement Agreement**").

(B) It has been represented to the Commission by the Applicants that:

Goose River

1. Goose River was incorporated under the name "Goose River Capital Inc." under the ABCA on May 24, 2000. By a certificate of amendment dated May 25, 2000, Goose River removed its private company restrictions. By a certificate of amendment dated September 18, 2001, Goose River changed its name to "Goose River Resources Ltd.". On January 1, 2004, Goose River amalgamated with its subsidiary, Hays River Resources Ltd.

2. Goose River's registered and head office is located in Calgary, Alberta.

3. The authorized capital of Goose River is comprised of an unlimited number of Common Shares and an unlimited number of preferred shares of which there are 35,126,260 Common Shares and no preferred shares issued and outstanding on the date hereof. There are 3,320,000 Common Shares issuable upon the exercise of options ("**Goose River Options**") to purchase Common Shares.

4. The Common Shares are listed for trading on the TSX Venture Exchange. Goose River is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Nova Scotia.

Signal

5. Signal is a corporation resulting from the amalgamation pursuant to a certificate of amalgamation dated May 1, 1996 issued under Part 1A of the Companies Act (Quebec), of Societe d'exploration Algene Biotechnologies Inc. and Societe d'investissement R&D Algene Inc. By certificate of amendment dated June 9, 1991, Signal changed its corporate name to "SignalGene Inc." and made certain amendments to its authorized share capital. On December 29, 1999, SignalGene Inc. amalgamated with 9021-4222 Quebec Inc., retaining the name "SignalGene Inc.". Signal has amended its articles from time to time to amend, consolidate, redesignate and convert its authorized capital.

6. The registered office of Signal is located in Montreal, Quebec. The head operations office of Signal is located in Calgary, Alberta.

7. Signal is authorized to issue an unlimited number of common shares ("**Signal Shares**"), an unlimited number of Class A Shares and an unlimited number of preferred shares issuable in series, of which the Preferred Shares Series 1 and Preferred Shares Series 2 ("**Signal Preferred Shares**") have been created. As at the date hereof, there are 42,089,869 Signal Shares, 5,240,754 Class A Shares and no Signal Preferred Shares issued and outstanding.

8. The Signal Shares are listed for trading on the Toronto Stock Exchange. Signal is a reporting issuer in each jurisdiction of Canada except for the Northwest Territories, Yukon and Nunavut.

Newco

9. Newco was incorporated as 1163310 Alberta Ltd. by certificate of incorporation dated April 8, 2005. On June 16, 2005, Newco changed its name to "G2 Resources Inc." and on June 28, 2005, the private company restrictions were removed from Newco's articles. Newco has not carried on any active business since incorporation.

10. The registered office and head office of Newco are located in Calgary, Alberta.

11. Newco is authorized to issue an unlimited number of (i) Class A Shares ("**Newco Shares**"); (ii) Class B Shares, (iii) Class C Preferred Shares, issuable in series, and (iv) Class D Preferred Shares, issuable in series, of which one (1) Newco Share and no Class B, Class C Preferred or Class D Preferred Shares are issued and outstanding as at the date hereto.

12. No securities of Newco are listed on any stock exchange. Newco is not a reporting issuer in any jurisdiction. The TSX Venture Exchange has conditionally accepted Newco's application to list the Newco Shares issuable pursuant to the Arrangement, subject to Newco fulfilling all of the requirements of such exchange.

13. Following completion of the Arrangement, Newco will be engaged in the exploration for, and the acquisition, development and production of, oil and natural gas reserves primarily in the Western Canadian Sedimentary Basin.

The Arrangement

14. Subject to the more detailed steps set out in the Arrangement, the following transactions shall be deemed to occur on the effective date (the "**Effective Date**") of the Arrangement:

(a) the Common Shares held by Shareholders ("**Dissenting Shareholders**") who have exercised their right to dissent (the "**Dissent Right**") to the resolution approving the Arrangement shall, as of the Effective Time, be deemed to have been transferred to Goose River and cancelled and cease to be outstanding, and as of the effective time of the Arrangement, such Dissenting Shareholders shall cease to have any rights as Shareholders, other than the right to be paid the fair value of their Common Shares;

(b) each Goose River Option (whether vested or unvested) shall be exchanged with Goose River for cash consideration equal to the amount by which \$1.00 exceeds the exercise price of such Goose River Option;

(c) each Common Share held by a person who is not a resident of Canada for the purposes of the Income Tax Act (Canada) or a partnership that is not a Canadian partnership for the purposes of the Income Tax Act (Canada) ("**Non-Residents**") shall be transferred to Signal in exchange for one of the following (at the election of the Non-Resident), subject to the maximum consideration (the "**Maximum Consideration**") of, in the aggregate, \$10,000,000 in cash and 21,250,000 Signal Shares:

(i) 0.83 of a Signal Share;

(ii) cash of \$0.28 and 0.60 of a Signal Share; or

(iii) cash of \$1.00,

and the right to receive 0.05 of a Newco Share from Signal for each Common Share formerly held by the Non-Resident pursuant to paragraph (j) below, provided that Non Residents not making an election shall receive only Signal Shares;

(d) the articles of Goose River shall be amended to:

(i) create as new classes of shares, Class A common shares ("Goose River New Common Shares") and Class A preferred shares (the "**Class A Preferred Shares**"); and

(ii) change the issued and outstanding Common Shares into one (1) Goose River New Common Share and one (1) Class A Preferred Share;

(e) the stated capital of the Class A Preferred Shares shall be an amount equal to the fair market value of certain assets ("**Newco Assets**") comprised of certain miscellaneous assets, oil and gas assets, properties and facilities and rights to seismic data to be transferred by Goose River to Newco on the Effective Date as part of the Arrangement as at the Effective Time and the stated capital of the Goose River New Common Shares shall be an amount equal to the stated capital of the Common Shares less the stated capital of the Class A Preferred Shares;

(f) the transactions whereby Goose River will convey the Newco Assets to Newco in consideration for the issuance of an unsecured, subordinated promissory note (the "Newco Note") shall become effective and Newco shall deliver the Newco Note to Goose River in satisfaction of the purchase price in respect of the Newco Assets;

(g) each Class A Preferred Share shall be transferred to Newco in exchange for 0.05 of a Newco Share;

(h) each Goose River New Common Share (other than those Goose River New Common Shares held by Signal) shall be transferred to Signal in exchange for one of the following (at the election of the holder of the Goose River New Common Share), subject to the Maximum Consideration:

(i) 0.83 of a Signal Share;

(ii) cash of \$0.28 and 0.60 of a Signal Share; or

(iii) cash of \$1.00,

provided that holders of Goose River New Common Shares not making an election shall receive only Signal Shares;

(i) the Newco Note shall be transferred by Goose River to Newco in exchange for all of the Class A Preferred Shares held by Newco;

(j) Signal shall deliver the Newco Shares received by it pursuant to paragraph (c) above to the Non Residents entitled to such Newco Shares;

(k) the conveyance by Signal to Newco of certain assets comprised of certain miscellaneous assets, oil and gas assets, properties and facilities and rights to seismic data (the "**Signal Exploration Assets**") shall become effective and Newco shall deliver to Signal that number of Newco Shares which is equal to the number of Class A Preferred Shares issued and outstanding multiplied by 0.05 in satisfaction of the purchase price in respect of the Signal Exploration Assets;

(l) Signal shall distribute the Newco Shares received by it pursuant to paragraph (k) above to the shareholders of Signal; and

(m) Signal shall not be obligated to pay more than the Maximum Consideration to acquire the Common Shares and the Goose River New Common Shares and, for greater clarity:

(i) if holders of Goose River New Common Shares and Common Shares elect to receive Signal Shares exceeding the maximum number of Signal Shares available, such holders will receive a reduced pro rata number of Signal Shares with the balance owing being paid in cash;

(ii) if holders of Goose River New Common Shares and Common Shares elect to receive cash exceeding the maximum cash available, such holders will receive a reduced pro rata amount of cash with the balance owing being paid by the issuance of Signal Shares; and

(iii) if holders of Goose River New Common Shares receive cash and Signal Shares pursuant to the election set forth in the Arrangement or by virtue of the provisions of the Arrangement described in subsections (i) and (ii) above, such holders shall be regarded as having sold a portion of their Goose River New Common Shares for consideration comprised solely of Signal Shares and the remainder for consideration comprised solely of cash.

The foregoing trades made pursuant to the Arrangement are collectively referred to herein as the "**Arrangement Trades**".

15. The precise mechanics of certain of the various Arrangement Trades do not or may not satisfy the technical requirements of statutory exemptions from the Registration and Prospectus Requirements.

16. The board of directors of Goose River has: (a) unanimously approved the Arrangement; (b) determined that the Arrangement is in the best interests of Goose River and is fair to the Shareholders; and (c) authorized the submission of the Arrangement to the Shareholders for approval and to the Court of Queen's Bench of Alberta for a final order.

17. Goose River made application for, and obtained, an interim order (the "Interim Order") of the Court of Queen's Bench of Alberta dated June 29, 2005 under the ABCA which specifies, among other things, certain procedures and requirements to be followed in connection with the calling and holding of a special meeting of Shareholders to approve the Arrangement. The completion of the Arrangement is subject to receipt of the final order of the court following the receipt of all required approvals, including that of the Shareholders at the meeting.

18. In connection with the meeting of Shareholders and pursuant to the Interim Order, Goose River has mailed to Shareholders a management information circular dated June 29, 2005 (the "Information Circular") which provides full details of the Arrangement and contains prospectus level disclosure regarding Newco and Signal. In order to be effective, the resolution approving the Arrangement requires the approval of at least 66 2/3 of the votes cast by the Shareholders, present and in person or by proxy at the Meeting. In addition, under the ABCA and the Interim Order, Shareholders have the Dissent Rights which entitle them to be paid the fair value of their Common Shares.

19. Acumen Capital Finance Partners Limited has provided a written opinion (the "Fairness Opinion") to the board of directors of Goose River that, as of the June 29, 2005, the consideration to be received pursuant to the Arrangement is fair, from a financial point of view, to Shareholders.

20. Upon the Arrangement becoming effective, Goose River will be a wholly-owned subsidiary of Signal and the former holders of Common Shares (other than Dissenting Shareholders) will receive, at such holder's election, for each Common Share: (i) 0.83 of a Signal Share, (ii) \$1.00 cash, or (iii) \$0.28 cash and 0.60 of a Signal Share, such consideration to be subject to proration as set forth in the Arrangement. Regardless of their election, each Shareholder will receive 0.05 of a Newco Share for each Common Share held, subject to rounding. In addition, each Signal Shareholder immediately prior to the Arrangement will receive approximately 0.0419 of a Newco Share for each Signal Share held, subject to rounding and based on 42,089,869 Signal Shares issued and outstanding at that time.

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public to grant the relief requested;

IT IS ORDERED:

1. THAT, pursuant to Section 20(1) of the Act, the Arrangement Trades are exempt from sections 6 and 37 of the Act.

2. THAT the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

CHAIR