

THE SECURITIES ACT ) Order No. 4493  
)  
Subsection 20(1) ) June 23, 2004

INTER ENERGY CORP.

WHEREAS:

**(A)** Application has been made by Inter Energy Corp. ("Inter Energy") to The Manitoba Securities Commission for an order pursuant to Subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 as amended (the "Act") granting an exemption from: (i) the registration and prospectus requirements of Sections 6 and 37 of the Act, respectively in order to permit Inter Energy to participate in a transaction as described below.

**(B)** Inter Energy has represented to the Commission that:

1.1. On March 12, 2004, Inter Energy announced that it would be acquiring all of the assets of Sentry Select Focused Alternative Energy Fund and Sentry Select Focused Technologies Fund (the "Funds"), in exchange for common shares of Inter Energy ("Common Shares") and common share purchase warrants ("Warrants"). Inter Energy also announced that it would be assuming all of the Funds' liabilities. If the Funds' transaction proceeds as intended, Inter Energy will, directly or indirectly, acquire all of the assets and liabilities of the Funds, former Unitholders of the Funds will become shareholders of Inter Energy and the Funds will subsequently be dissolved. The assets of the Funds are in excess of \$150,000.00. (the "Transaction").

1.2. The assets of the Funds as stated in the Funds' financial statements consist of cash invested in various public companies. It is these investments that Inter Energy is buying. The Transaction will effectively move the assets from a mutual fund (which is subject to all the investment restrictions of a registered mutual fund) to an investment company. The rationale for the Transaction is that the investment company will have more flexibility to invest than is currently enjoyed by the Fund and shareholders will in turn benefit from this flexibility.

1.3. As Inter Energy is a Capital Pool Company it is not permitted to transact its qualifying transaction with a mutual fund. Thus, the Funds will amend their declarations of trust to remove their redemption provisions. This amendment will render the Funds closed end non-redeemable funds which are permitted to enter into "qualifying transactions".

1.4. The Funds will acquire Inter Energy Common Shares and Warrants in exchange for the Funds' assets which trade, necessitates the relief being sought (the "Trade"). The securities legislation in each of British Columbia, Alberta,

Saskatchewan, Ontario, Nova Scotia, Newfoundland and Prince Edward Island contains an exemption from the prospectus and registration requirements that allows for the Trade.

1.5. A management information circular (the "Information Circular") was mailed to Inter Energy Shareholders on April 27, 2004 in connection with the annual and special meeting (the "Meeting") of the shareholders of Inter Energy held on May 20, 2004, where shareholders of Inter Energy approved the Transaction and the issuance of the Inter Energy Common Shares and Warrants pursuant to the Transaction.

1.6. Inter Energy was incorporated as 960335 Alberta Ltd. under the *Business Corporations Act* (Alberta) (the "ABCA") on November 12, 2001, changing its name to Inter Energy Corp. on July 31, 2002. Inter Energy received a receipt for its initial public offering prospectus on September 26, 2002 and filed an amended and restated prospectus on November 13, 2002 and began trading on the TSX Venture Exchange on January 10, 2003. The head office of Inter Energy is located at Suite 2850, 130 King Street West, Toronto, Ontario, M5X 1A4, and its registered office is located at Suite 1400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9.

1.7. Inter Energy is a Capital Pool Company, as defined by TSX Venture Exchange Policy 2.4, and has not conducted any commercial operations other than to pursue a qualifying transaction.

1.8. Inter Energy is, and has been for a period of time in excess of 12 months, a reporting issuer under the securities legislation of British Columbia and Alberta. To the best of its knowledge, information and belief, Inter Energy is not in default of the requirements under the *Securities Act* (Alberta) (the "Act") or the regulations made thereunder (the "Regulations").

1.9. Inter Energy is authorized to issue an unlimited number of Common Shares of which approximately 3,500,000 Common Shares were issued and outstanding as of April 12, 2004.

1.10. The Funds are mutual fund trusts established under the laws of the Province of Ontario by a declarations of trust dated July 14, 2000, with respect to Sentry Select Focused Technology Fund and November 13, 2000 with respect to Sentry Select Focused Alternative Energy Fund.

1.11. Sentry Select Capital Corp. ("Sentry Select") is the portfolio manager of the Funds for which it receives management fees. Sentry Select was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 27, 1998 as Founders Capital Corp. ("Founders"). On September 4, 1998, Sentry Select filed articles of amendment removing its private company restrictions and on January 19, 1999 filed a final prospectus and was listed on the Exchange (then

the Alberta Stock Exchange) as a capital pool company. At a special meeting held on November 21, 2000, the shareholders of Founders approved the acquisition by Founders of Sentry Select Capital Corp., an Ontario mutual fund management company. Following the acquisition, Founders amalgamated with its subsidiary Sentry Select Capital Corp. and changed its name to Sentry Select Capital Corp. Sentry Select's head office is located at Suite 2850, 130 King Street West, Toronto, Ontario M5X 1E4. Sentry Select completed a privatization transaction effective January 1, 2004. John Driscoll is the President and Chief Executive Officer of Sentry Select and is also a shareholder of Inter Energy.

1.12. The Funds are, and have been for a period of time in excess of 12 months, reporting issuers under the securities legislation of all or most of the provinces and territories of Canada. To the best of the knowledge, information and belief of Inter Energy, the Funds are not in default of the requirements under the Act or the Regulations.

1.13. Approximately 19,665,245 Common Shares and 19,665,245 common share purchase warrants will be distributed to the Funds via the Trade which Common Shares and Common Share purchase warrants will subsequently be distributed to Unitholders of the Funds pro rata to the number of Units held by each such Unitholder. Each purchase warrant is exercisable into one common share of Inter Energy for a price of \$0.20 per common share. The common shares issued pursuant to the Transaction will be listed and posted for trading on the TSX Venture Exchange.

1.14. Exemptions from the registration and prospectus requirements in respect of the trades made in connection with the Transaction are available in all jurisdictions where trades are being made except Manitoba where relief is required with respect to the Trade (between Inter Energy and the Funds).

1.15. Mr. John F. Driscoll, the President, Chief Executive Officer, a director and significant shareholder of Inter Energy, and the President and a director of the Manager of Sentry Select, indirectly owns 1,900,000 Common Shares of Inter Energy. This represents approximately 54.3% of the currently issued and outstanding Common Shares of Inter Energy. Mr. Driscoll also holds 111,869 units of Sentry Select Focused Technologies Funds and 15,000 Units of Sentry Select Focused Alternative Energy Fund. Assuming the Transaction proceeds, Mr. Driscoll would receive an aggregate of 1,683,244 Common Shares. At present, assuming the successful completion of the Transaction, Mr. Driscoll would hold, directly or indirectly, 3,583,244 Common Shares of Inter Energy representing approximately 15.5% of the outstanding Common Shares of Inter Energy.

1.16. The directors of Inter Energy are Messrs. John Driscoll, John Nestor and Richard Zarzeczny. Mr. Driscoll, is also a director of Sentry Select.

1.17. The directors and officers of Inter Energy, other than Mr. Driscoll, as a group, own, directly or indirectly, 100,000 Common Shares of Inter Energy representing approximately 2.8% of the issued and outstanding Common Shares of Inter Energy (prior to giving effect to the Transaction).

1.18. The Transaction has been approved by a majority of the votes cast by disinterested shareholders of Inter Energy at the Meeting and has also been conditionally approved by the TSX Venture Exchange.

1.19. The Transaction was approved by two-thirds of the votes cast by unitholders of the Funds in respect thereof at the Funds' meetings of unitholders held on April 30, 2004. The Transaction was also approved by a majority of the votes cast by disinterested unitholders of the Funds. Following the Funds' meetings, unitholders were allowed to redeem their units in the Funds until May 25, 2004.

1.20. Information circulars containing information with respect to the Transaction and Inter Energy were forwarded to unitholders of the Funds in connection with the Funds' meetings called to consider the Transaction.

1.21. The Information Circular forwarded to Inter Energy shareholders in connection with the Meeting being called to consider the Transaction contained prospectus-level disclosure regarding the businesses of Inter Energy and the Funds.

1.22. The Board of Directors of Inter Energy has: (i) unanimously approved the Transaction; and (ii) recommended that the Inter Energy shareholders vote in favour of the resolution approving the Transaction.

(C) In the opinion of the Commission it would not be prejudicial to the public interest to grant the Order requested.

IT IS ORDERED:

**1. THAT**, pursuant to Subsection 20(1) of the Act the issuance of Common Shares and Warrants to the Funds in connection with the Transaction will be exempt from the registration and prospectus requirements of Sections 6 and 37, respectively, of the Act, provided that Inter Energy complies with all the requirements of TSX Venture Exchange Policy 2.4 - Capital Pool Companies.

**2. THAT** the fee for this Order is \$1,000.00.

BY ORDER OF THE COMMISSION

Deputy Director - Legal