

September 19, 2008

In the Matter of
the Securities Legislation of
Alberta, Manitoba and Ontario (the **Jurisdictions**)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Milagro Energy Inc. (the **Filer**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be deemed to have ceased to be a reporting issuer under the Legislation (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Alberta Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

The decision is based on the following facts represented by the Filer:

1. The Filer is a corporation governed by the laws of the Province of Alberta, with its head office in Alberta.
2. The Filer has 167,627,606 common shares issued and outstanding (the **Common Shares**).
3. Pursuant to an offer to purchase dated March 28, 2008 (the **Take-Over Bid**) and subsequent compulsory acquisition under the *Business Corporations Act* (Alberta) (the **ABCA**), Second

Wave Holdings Ltd. (**Second Wave**), a wholly-owned subsidiary of Second Wave Petroleum Inc., acquired all of the Common Shares of the Filer.

4. The Filer's Common Shares were de-listed from the Toronto Stock Exchange May 30, 2008 and the Filer does not have any securities listed on any stock exchange.

5. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than the requirement to file its interim financial statements, related management discussion & analysis and officer certifications for the six month period ended June 30, 2008 (the **Filings**). As the Take-Over Bid resulted in Second Wave becoming sole beneficial holder of all of the Filer's Common Shares prior to the date on which the Filings were due, the Filings were not prepared or filed as required.

6. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions of Canada and fewer than 51 security holders in total in Canada.

7. No securities of the Filer are traded on any marketplace, as defined in National Instrument 21-101 *Marketplace Operation*.

8. The Filer ceased to be a reporting issuer in British Columbia on September 8, 2008 through the operation of British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*. Upon granting this relief, the Filer will not be a reporting issuer or its equivalent in any of the Jurisdiction or British Columbia.

9. The Filer does not intend to seek public financing by way of an offering of its securities.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"original signed by"

Blaine Young

Associate Director, Corporate Finance

Alberta Securities Commission