

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN
MANITOBA, ONTARIO, Québec, NEW BRUNSWICK, PRINCE EDWARD ISLAND
NOVA SCOTIA, NEWFOUNDLAND, THE NORTHWEST TERRITORIES,
NUNAVUT AND THE YUKON

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
POST ENERGY CORPORATION, KICK ENERGY CORPORATION,
KICK ENERGY PARTNERSHIP AND KETCH ENERGY LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Newfoundland, Nova Scotia, Nunavut, the Northwest Territories and the Yukon (the "Jurisdictions") has received an application from Ketch Energy Ltd. ("Ketch"), Post Energy Corporation ("Post"), Kick Energy Corporation ("Kick") and a partnership to be entered into by Post and Kick to be named the Kick Energy Partnership (the "Partnership") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"):

1.1 that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Prospectus Requirement") shall not apply to trades to be made in connection with a proposed arrangement involving Ketch, Post, Kick and the Partnership (the "Arrangement"); and

1.2 deeming or declaring Kick to be a reporting issuer under the Legislation in British Columbia and Nova Scotia;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS Post, Kick and Ketch have represented to the Decision Makers that:

3.1 Post is a corporation incorporated under the *Business Corporations Act* (Alberta) (the "ABCA");

- 3.2 the head office of Post is in Calgary, Alberta;
- 3.3 the authorized capital of Post includes an unlimited number of common shares ("Post Shares");
- 3.4 there were 17,222,595 Post Shares and 1,456,235 options to acquire Post Shares ("Post Options") outstanding as of May 31, 2001;
- 3.5 the Post Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE");
- 3.6 Post is a reporting issuer under the Legislation in Alberta, British Columbia and Ontario and has been for a period in excess of twelve months;
- 3.7 Kick is a corporation incorporated under the ABCA;
- 3.8 the authorized capital of Kick includes an unlimited number of common shares ("Kick Shares");
- 3.9 there were 1,731,659 Kick Shares outstanding as of May 31, 2001;
- 3.10 all of the outstanding Kick Shares are held by Post;
- 3.11 Ketch is a corporation continued under the ABCA;
- 3.12 the head office of Ketch is in Calgary, Alberta;
- 3.13 the authorized capital of Ketch includes 100,000,000 common shares ("Ketch Shares");
- 3.14 there were 25,963,706 Ketch Shares outstanding as of May 31, 2001;
- 3.15 the Ketch Shares are listed and posted for trading on the TSE;
- 3.16 Ketch is a reporting issuer or the equivalent under the Legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia;
- 3.17 Ketch has been a reporting issuer or the equivalent under the Legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec for a period in excess of twelve months and in Nova Scotia since November 1, 2000;
- 3.18 prior to the Arrangement, Kick and Post will enter into contribution agreements (the "Contribution Agreements") with the Partnership;
- 3.19 under the Contribution Agreements:

3.19.1 Kick will transfer all of its oil and gas assets to the Partnership in return for units of the Partnership ("Partnership Units") worth \$201,000 and notes of the Partnership ("Partnership Notes") in the amount of \$1,805,134; and

3.19.2 Post will transfer certain of its oil and gas assets to the Partnership in return for Partnership Units worth \$4,184,000 and Partnership Notes in the amount of \$37,658,399;

3.20 the Partnership will rely on exemptions from the Registration Requirement and the Prospectus Requirement contained in the Legislation in Alberta to conduct the trades of Partnership Units and Partnership Notes under the Contribution Agreements;

3.21 the head office of the Partnership will be in Calgary, Alberta;

3.22 no securities of the Partnership will be traded or quoted on any market or exchange;

3.23 the Arrangement will be carried out under the ABCA;

3.24 under the Arrangement:

3.24.1 the holders of Post Shares will transfer each of them to Ketch in exchange for:

3.24.1.1 \$8.60 in cash, to an aggregate maximum of \$80,000,000, or 1.3 Ketch Shares, to an aggregate maximum of 10,500,000 plus 1.3 Ketch Shares for every Post Option exercised prior to the completion of the Arrangement, or a combination of cash and Ketch Shares;

3.24.1.2 \$2.1747 in Ketch Series A Notes; and

3.24.1.3 \$0.1274 in Ketch Series B Notes;

3.24.2 the holders of Post Options will receive cash in an amount equal to the difference between \$10.92 and the exercise price of the Post Option for each Post Option held by them and the Post Options will be cancelled;

3.24.3 Post will be wound up as follows:

3.24.3.1 the property of Post will be distributed to Ketch;

3.24.3.2 Ketch will assume the obligations of Post;
and

3.24.3.3 Post will be dissolved;

3.24.4 all Ketch Series A Notes will be transferred by their holders to Ketch in exchange for Partnership Notes in an equivalent amount; and

3.24.5 all Ketch Series B Notes will be transferred by their holders to Ketch in exchange for, subject to adjustment, one Kick Share for each \$1.274 of Ketch Series B Notes;

3.25 any holder of Partnership Notes not resident in the United States of America may exchange them with Kick for a specified number of Kick Shares at any time following the Arrangement;

3.26 any holder of Partnership Notes resident in the United States of America shall be deemed to have elected to exchange their Partnership Notes with Kick for Kick Shares as at the effective time of the Arrangement;

3.27 the Partnership Notes held by the former holders of Post Shares and Ketch Series A Notes will not be transferrable by them except to Kick in exchange for Kick Shares;

3.28 the following trades or distributions will occur under the Arrangement or upon the exercise of rights attached to securities traded or distributed under the Arrangement (the "Trades"):

3.28.1 the transfer of Post Shares by their holders to Ketch;

3.28.2 the issuance by Ketch of Ketch Shares, Ketch Series A Notes and Ketch Series B Notes to the former holders of Post Shares in exchange for the Post Shares;

3.28.3 the transfer by Ketch of Partnership Notes to the former holders of Post Shares in exchange for the Ketch Series A Notes;

3.28.4 the transfer by Ketch of Kick Shares to the former holders of Post Shares in exchange for the Ketch Series B Notes; and

3.28.5 the issuance by Kick of Kick Shares to the holders of Partnership Notes in exchange for Partnership Notes;

3.29 the Arrangement must be approved by the Court of Queen's Bench of Alberta (the "Court");

3.30 the Court granted an interim order on May 31, 2001 providing, among other things, for a meeting of the holders of Post Shares and Post Options (the "Meeting");

3.31 the Meeting will be held on July 3, 2001;

3.32 the Arrangement must be approved by at least 66.6% of the votes cast at the Meeting;

3.33 an information circular prepared in accordance with the Legislation (the "Information Circular") has been provided to the holders of Post Shares and Post Options in connection with the Meeting;

3.34 the Information Circular contains prospectus type disclosure concerning the Arrangement and the businesses of Ketch, Post, Kick and the Partnership;

3.35 the holders of Post Shares and Post Options will be afforded dissent rights under section 184 of the ABCA with respect to the Arrangement;

3.36 following completion of the Arrangement, the directors and senior officers of Kick will be comprised of individuals who are currently directors or senior officers of Post;

3.37 following completion of the Arrangement, and if all of the Partnership Notes held by the former holders of Post Shares are exchanged for Kick Shares, there will be 30,298,840 Kick Shares outstanding;

3.38 Kick has applied to have the Kick Shares that will be outstanding following completion of the Arrangement and issuable upon the exchange of Partnership Notes listed for trading on the TSE;

3.39 Kick will become a reporting issuer in Alberta, Saskatchewan and Québec as a result of the Arrangement and in Ontario as a result of the Kick Shares being listed on the TSE;

3.40 the Partnership will become a reporting issuer in Alberta, Saskatchewan and Québec as a result of the Arrangement;

3.41 there are no exemptions from the Registration Requirement and Prospectus Requirement available under the Legislation of the Jurisdictions with respect to all of the Trades;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the Legislation is that the Trades shall not be subject to the Registration Requirement and Prospectus Requirement, provided that the first trade of any Ketch Share, Kick Share or Partnership Note traded in reliance on this Decision shall be deemed a distribution or primary distribution to the public under the Legislation of the Jurisdiction or Jurisdictions where the trade takes place (the "Applicable Legislation") unless in the case of a Ketch Share or Kick Share:

6.1 if the issuer of the share was a reporting issuer or the equivalent under the Applicable Legislation following completion of the Arrangement, it is a reporting issuer or the equivalent under the Applicable Legislation at the time of the trade;

6.2 no unusual effort is made to prepare the market or create a demand for the share;

6.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

6.4 if the seller of the share is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of any requirement of the Applicable Legislation; and

6.5 except in Qu_顛, the trade is not a trade from the holdings of any person or company or any combination of persons or companies holding a sufficient number of any securities of the issuer so as to materially affect the control of the issuer or more than 20% of the outstanding voting securities of the issuer, except where there is evidence showing that the holdings of those securities does not affect materially the control of the issuer;

7. THE FURTHER DECISION of the Decision Makers in British Columbia and Nova Scotia is that Kick is deemed or declared to be a reporting issuer under the Legislation in British Columbia and Nova Scotia.

DATED this 4th day of July, 2001.

"original signed by"
Glenda A. Campbell, Vice-Chair

"original signed by"
Walter B. O'Donoghue, Q.C., Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 116(1) of the Act from the registration and prospectus requirements under sections 54 and 81 of

the Act with respect to certain trades to be conducted in connection with and following an arrangement.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended - ss. 54, 81, 116(1) and 116(1.1)