

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
MANITOBA, ONTARIO, NOVA SCOTIA AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF REAL RESOURCES INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Real Resources Inc. ("Real") for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting Real from the requirement contained in the Legislation to offer all holders of the same class of securities identical consideration (the "Identical Consideration Requirement") in connection with an offer to purchase all of the issued and outstanding common shares of Prism Petroleum Inc. ("Prism");

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 Real has represented to the Decision Makers that:

3.1 Real is a corporation amalgamated under the *Business Corporations Act* (Alberta), with its head office in Calgary, Alberta;

3.2 Real is a reporting issuer or the equivalent in British Columbia, Alberta, Ontario, Saskatchewan, Nova Scotia and Quebec;

3.3 Real is not in default of any requirement of the Legislation;

3.4 the common shares of Real (the "Real Common Shares") are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

3.5 Prism is a corporation incorporated under the *Business Corporations Act* (Alberta), with its head office in Calgary, Alberta;

3.6 Prism is a reporting issuer in Alberta;

3.7 Prism is not in default of any requirement of the Legislation;

3.8 the common shares of Prism (the "Prism Common Shares") are listed and posted for trading on The Canadian Venture Exchange;

3.9 Real has made an offer to acquire all of the outstanding Prism Common Shares (the "Offer");

3.10 Real will conduct the Offer by means of a formal take-over bid under the Legislation;

3.11 under the terms of the Offer, the holders of Prism Common shares may elect to receive:

3.11.1 \$1.85 in cash for each Prism Common Share, subject to a maximum aggregate cash consideration of \$10,485,000; or

3.11.2 0.50 of a Real Common Share for each Prism Common Share, subject to a maximum aggregate issuance of 2,500,000 Real Common Shares; or

3.11.3 a combination thereof;

3.12 if the holders of Prism Common Shares elect to receive cash consideration exceeding an aggregate of \$10,485,000, that amount will be paid to the holders on a *pro rata* basis with the balance of the offer price being paid by the issuance of 0.50 of a Real Common Share for each Prism Common Share not purchased for cash consideration;

3.13 if the holders of Prism Common Shares elect to receive consideration exceeding 2,500,000 Real Common Shares, that number of Real Common Shares will be issued to the holders on a *pro rata* basis with the balance of the offer price being paid in cash on the basis of \$1.85 for each Prism Common Share not purchased for consideration consisting of Real Common Shares;

3.14 as at August 9, 2000, to the knowledge of Real after reasonable inquiry, there were six registered shareholders of Prism resident in the United States of America (the "U.S. Shareholders"), collectively holding approximately 1.09% of the outstanding Prism Common Shares;

3.15 the Real Common Shares that may be issued under the Offer to the U.S. Shareholders have not been and will not be registered or otherwise qualified for distribution under the securities legislation of the United States of America. Accordingly, the delivery of Real Common Shares to U.S. Shareholders without further action by Real may constitute a violation of the laws of the United States of America;

3.16 to the extent that the U.S. Shareholders elect to receive or are allocated Real Common Shares in exchange for their Prism Common Shares, Real proposes to deliver the Real Common Shares to Computershare Investor Services Inc. (the "Depository"), instead of to the U.S. Shareholders, for sale of such Real Common Shares on behalf of the U.S. Shareholders. The Depository will, as soon as possible after such delivery, pool and sell the Real Common Shares on behalf of the U.S. Shareholders. Such sale will be done through the facilities of the TSE in a manner that is intended to minimize any adverse effect on the market price of Real Common Shares. As soon as possible after the completion of such sale, the Depository will send to each U.S. Shareholder a cheque equal to such U.S. Shareholder's *pro rata* share of the proceeds of the sale of all Real Common Shares by the Depository, net of sales commissions and applicable withholding taxes;

3.17 the Offer will be made in compliance with the Legislation, except to the extent that exemptive relief is granted in respect of the Identical Consideration Requirement;

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, in connection with the Offer, Real is exempt from the Identical Consideration Requirement insofar as U.S. Shareholders who accept the Offer may receive cash proceeds from the Depository's sale of Real Common Shares in accordance with the procedure set out in paragraph 3.16 above instead of Real Common Shares.

DATED at Calgary, Alberta this 31st day of August, 2000.

Glenda A. Campbell, Vice-Chair James E. Allard, Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 144(2)(c) of the Act from the identical consideration requirement under subsection 136(1) of the

Act to permit the payment of sale proceeds in lieu of shares of the offeror to holders of shares of the offeree resident in the United States of America.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended - ss. 136(1), 144(2)(c).