

Headnote

Mutual Reliance Review System for Exemptive Relief Applications -- Pursuant to a plan of arrangement, the business of three existing operating companies, all reporting issuers, will be reorganized into an income trust structure and the operating companies will be amalgamated -- Following completion of the arrangement, the income trust will be a new reporting issuer and the amalgamated company will be the operating entity in the income trust structure -- The financial information of the amalgamated company will be consolidated into the annual and interim financial statements of the income trust -- Amalgamated company granted relief from certain financial statements requirements, certain reserves data information requirements and the continuous disclosure requirements in Parts 4, 5, 6, 7, 8 and 9 of National Instrument 51-102 -- Continuous Disclosure Obligations -- Relief subject to conditions.

Ontario Rules

National Instrument 51-102 -- Continuous Disclosure Obligations.

Form 41-501F1 -- Information Required in a Prospectus.

National Instrument 51-101 -- Standards of Disclosure for Oil and Gas Activities.

Multilateral Instrument 52-109 -- Certification of Disclosure in Issuers' Annual and Interim Filings.

National Instrument 52-107 -- Acceptable Accounting Principles, Auditing Standards and Reporting Currency.

June 3, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND AND LABRADOR**

AND

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

AND

**IN THE MATTER OF THUNDER ENERGY INC., MUSTANG RESOURCES INC.
AND FORTE RESOURCES INC.**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") has received an application from Thunder Energy Inc., Mustang Resources Inc. and Forte Resources Inc. (the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1.1 each of the Filers be exempt from the requirements contained in the Legislation which requires each of the Filers to include three years of audited financial statements in an information circular in respect of a significant acquisition;

1.2 each of the Filers be exempt from the requirement contained in the Legislation which requires each of the Filers to include three years of audited financial statements in an information circular in respect of a business for which securities are being distributed in connection with a restructuring transaction;

1.3 each of the Filers be exempt from the requirement contained in the Legislation which requires each of the Filers to include reserves data and other oil and gas information in an information circular as at the date of the most recent audited balance sheet included in the information circular; and

1.4 with respect to the successor of Thunder Energy Inc. ("AmalCo") on its amalgamation with a corporation to be formed under the ABCA ("AcquisitionCo"), Mustang Resources Inc. ("Mustang") and Forte Resources Inc. ("Forte") in those Jurisdictions in which it becomes a reporting issuer or the equivalent under the Legislation, the requirements set forth in Parts 4, 5, 6, 7, 8 and 9 of National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102"), in National Instrument 51-101 - *Standards of Disclosure For Oil and Gas Activities* and, except in British Columbia and Quebec, in Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* (the "Continuous Disclosure Requirements") shall not apply to AmalCo (the "Continuous Disclosure Relief").

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"):

2.1 the Alberta Securities Commission is the principal regulator for this application; and

2.2 this MRRS decision document evidences the decision of each Decision Maker (collectively, the "Decision").

Interpretation

3. Unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

Representations

4. The Filers have represented to the Decision Makers that:

4.1 Thunder Energy Inc. ("Thunder") was incorporated under the laws of the Province of Alberta and Thunder's head office is located in Calgary, Alberta;

4.2 The common shares of Thunder are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "THY";

4.3 Thunder is a reporting issuer in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec and New Brunswick and has been a reporting issuer in at least one of these jurisdictions since on or about December 1996;

4.4 To its knowledge, Thunder is not in default of any of the requirements of the applicable securities legislation in any of the provinces in which it is a reporting issuer;

4.5 Mustang was incorporated under the laws of the Province of Alberta on March 13, 2002 and its head office is located in Calgary, Alberta;

4.6 Mustang is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and New Brunswick, has been a reporting issuer in at least one of these jurisdictions since July 30, 2002 and its shares are listed for trading on the Toronto Stock Exchange under the trading symbol "MUS.A" and "MUS.B";

4.7 To its knowledge, Mustang is not in default of any of the requirements of the applicable securities legislation in any of the provinces in which it is a reporting issuer;

4.8 Forte was incorporated under the laws of the Province of Alberta on January 21, 2004 and its head office is located in Calgary, Alberta;

4.9 Forte is a reporting issuer in all of the Provinces of Canada, has been a reporting issuer in at least one of these jurisdictions since March 12, 2004 and its shares are listed for trading on the Toronto Stock Exchange under the trading symbol "FRZ";

4.10 To its knowledge, Forte is not in default of any of the requirements of the applicable securities legislation in any of the provinces in which it is a reporting issuer;

4.11 The Filers are entering into a plan of arrangement (the "Arrangement") whereby they will be reorganizing the business of Thunder, Mustang and Forte as an income trust (the "Trust") and transferring certain assets (the "Assets") into

three separate public companies ("Thunder ExploreCo", "Forte ExploreCo" and "Thunder CBMCo");

4.12 Following completion of the Arrangement, AmalCo will own all of Filers' existing operating assets, except for those assets transferred to Thunder ExploreCo, Forte ExploreCo and Thunder CBMCo, and will be the operating entity in the income trust structure. No new or additional assets are being acquired by any of the parties to the Arrangement other than those currently owned by the Filers.

4.13 As part of the Arrangement, exchangeable shares will be issued by AcquisitionCo to security holders of Thunder, Mustang and Forte, which shares will be exchangeable into shares in the capital stock of AmalCo (the "Exchangeable Shares");

4.14 The Exchangeable Shares are exchangeable for units of the Trust ("Units"), are the voting and economic equivalent of the Units, and do not carry any voting rights in AmalCo;

4.15 The acquisition of the Assets by each of Thunder ExploreCo, Forte ExploreCo and Thunder CBMCo (the "Acquisition") constitutes a "significant acquisition" under the Legislation for each of these entities;

4.16 The Filers are preparing an information circular (the "Information Circular") in connection with a meeting of its securityholders which is expected to be held on June 29, 2005. At the shareholders' meeting, the Filers' securityholders will be given the opportunity to vote on the Arrangement which includes the Acquisition;

4.17 The Information Circular will contain, among other things, prospectus level disclosure of the business and affairs of each of Thunder, Mustang, Forte, AcquisitionCo and the Trust, the particulars of the Arrangement, as well as fairness opinions of independent financial advisors;

4.18 Pursuant to Section 14.2 of National Instrument 51-102F5, because the Acquisition is a "significant acquisition", the Filers are required to include certain annual and interim financial statement disclosure in the Information Circular in respect of the Arrangement, including annual financial statements for each of the three most recently completed financial years of the Assets (the "Annual Disclosure Requirements");

4.19 The Assets are interests in oil and gas properties, financial statements do not exist for the Assets, the Acquisition does not constitute a reverse take-over, the Assets did not constitute a "reportable segment" of the vendor immediately prior to the completion of the Acquisition and a business acquisition report for the Assets will be included in the Information Circular containing the disclosure required herein.

4.20 The Filers propose to include in the Information Circular certain annual financial information, including audited operating statements for the two years ended December 31, 2004 and 2003, and unaudited operating statements for the three months ended March 31, 2005 in accordance with Sections 8.5 and 8.10 of National Instrument 51-102 in respect of the Acquisition (the "Alternative Annual Financial Disclosure");

4.21 Pursuant to Section 14.2 of National Instrument 51-102F5, because the Arrangement is a restructuring transaction under which securities of Thunder ExploreCo, Forte ExploreCo and Thunder CBMCo are being distributed, the Filers are required to include audited statements of income, retained earnings and cash flows for a three year period in respect of each of Thunder ExploreCo, Forte ExploreCo and Thunder CBMCo (the "ExploreCo Disclosure Requirements");

4.22 The Filers propose to include in the Information Circular on behalf of each of Thunder ExploreCo, Forte ExploreCo and Thunder CBMCo the Alternative Annual Financial Disclosure in accordance with Section 8.10 of National Instrument 51-102 (the "Alternative ExploreCo Financial Disclosure");

4.23 Pursuant to Section 14.2 of National Instrument 51-102F5, because the Arrangement is a restructuring transaction under which securities of the Trust are being distributed and the Acquisition is a significant acquisition for each of Thunder ExploreCo, Forte ExploreCo and Thunder CBMCo, pursuant to Section 6.5.1(a)(ii) of Form 41-501F1 and Section 6.4.5 of Policy Statement Q-28 Schedule 1 in Quebec, the Filers are required to provide reserves data and other oil and gas information prescribed by Form 51-101F1 and by National Policy Statement 2-B in Quebec for each of Thunder ExploreCo, Forte ExploreCo, Thunder CBMCo and the Trust as at the most recent date for which an audited balance sheet is included in the Information Circular (the "Oil and Gas Disclosure Requirements");

4.24 As each of Thunder ExploreCo, Forte ExploreCo and Thunder CBMCo have either not yet been incorporated or only recently been incorporated, the date of the audited balance sheet is not a practical date for the preparation of the reserves data and other oil and gas information to be included in the Information Circular;

4.25 As the Trust has not yet been formed, the date of the audited balance sheet is not a practical date for the preparation of the reserves data and other oil and gas information to be included in the Information Circular;

4.26 The Filers propose to include in the Information Circular the Oil and Gas Disclosure Requirements as at March 31, 2005, being the date when the report required under National Instrument 51-101 in Form 51-101F1 and National Policy Statement 2-B in Quebec was prepared (collectively, the "Alternative Oil and Gas Disclosure");

4.27 The Alternative Annual Financial Disclosure will comply with National Instrument 52-107 -- Acceptable Accounting Principles, Auditing Standards and Reporting Currency;

4.28 The Alternative ExploreCo Financial Disclosure will comply with National Instrument 52-107 -- Acceptable Accounting Principles, Auditing Standards and Reporting Currency;

4.29 The Alternative Oil and Gas Disclosure will comply with National Instrument 51-101 -- Standards of Disclosure for Oil and Gas Activities;

4.30 Upon completion of the Arrangement, AmalCo will become a reporting issuer under the Legislation of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador, due to the fact that its existence will continue following the exchange of securities in connection with the Arrangement which involves three existing reporting issuers, Mustang, Forte and Thunder;

4.31 Upon becoming a reporting issuer under the Legislation, an issuer must comply with the Continuous Disclosure Requirements. However, application of the Continuous Disclosure Requirements to both the Trust and AmalCo would provide no real benefit to investors for the following reasons: The Trust and AmalCo will be very closely integrated. The Exchangeable Shares provide a holder with a security in an issuer (AmalCo) all of whose common shares will be held by the Trust. The value of the Exchangeable Shares and units of the Trust ("Units") is therefore entirely dependent on the assets and operations of only the Trust, on a consolidated basis. As a result, the only Continuous Disclosure Requirements relevant to a holder of Exchangeable Shares are Continuous Disclosure Requirements relating to the Trust. Holders of Exchangeable Shares effectively have a participating interest in the Trust and do not have a participating interest in AmalCo and, therefore, it is the information furnished under the Continuous Disclosure Requirements relating to the Trust that is directly relevant to the holders of both Exchangeable Shares and Units. Only the Trust, as the sole holder of the outstanding common shares of AmalCo, not the holders of Exchangeable Shares or Units, will have a direct participating interest in AmalCo.

Decision

5. 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 for the purposes of the Information Circular is that:

6.1 the Annual Disclosure Requirements shall not apply to the Filers, provided that the Filers include the Alternative Annual Financial Disclosure in the Information Circular,

6.2 the ExploreCo Disclosure Requirements shall not apply to the Filers, provided that the Filers include the Alternative ExploreCo Financial Disclosure in the Information Circular;

6.3 with respect to Thunder ExploreCo, Forte ExploreCo, Thunder CBMCo and the Trust, the Oil and Gas Disclosure Requirements shall not apply to the Filers, provided that the Filers include the Alternative Oil and Gas Disclosure in the Information Circular;

6.4 the Trust include, in both its interim and annual financial statements and MD&A that the Trust will prepare under NI 51-102, disclosure about the specific risks and uncertainties relating to the operations of AmalCo and the potential impact of those risks and uncertainties on future distributions of the Trust.

6.5 The Continuous Disclosure Requirements shall not apply to AmalCo for so long as:

6.5.1 the Trust is a reporting issuer in at least one of the jurisdictions listed in Appendix B of MI 45-102 and is an electronic filer under National Instrument 13-101 SEDAR;

6.5.2 the Trust concurrently sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to the Unitholders under the Continuous Disclosure Requirements;

6.5.3 the Trust complies with the requirements of the Legislation and of the TSX, and of any other market or exchange on which the Units are or come to be quoted or listed, in respect of making public disclosure of material information on a timely basis;

6.5.4 the Trust files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-102;

6.5.5 AmalCo is in compliance with the requirements of the Legislation to issue a news release and file a report under the Legislation upon the occurrence of a material change in respect of the affairs of AmalCo that is not also a material change in the affairs of the Trust;

6.5.6 the Trust includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to the Trust and not to AmalCo, such statement to include a reference to the similarities between the Exchangeable Shares and Units and the right to direct voting at meetings of the Unitholders;

6.5.7 AmalCo files a notice on SEDAR indicating that it is relying on the Trust's continuous disclosure filings, and referring readers to the Trust's SEDAR profile;

6.5.8 following completion of the Arrangement, the financial information of AmalCo be consolidated into the annual and interim financial statements of the Trust that the Trust will

prepare under NI 51-102. In complying with its reporting issuer obligations, the Trust will treat AmalCo as a subsidiary of the Trust. However, if generally accepted accounting principles prohibit the consolidation of financial information of AmalCo and the Trust, for as long as AmalCo, including any of its significant business interests, represents a significant asset of the Trust, the Trust will provide unitholders with separate financial statements for AmalCo, including information about any of its significant business interests.

6.5.9 the Trust include, in both interim and annual MD&A for the fiscal year ended December 31, 2005, comparative financial information in respect of the 2004 financial results of Thunder, Mustang and Forte;

6.5.10 AmalCo and its insiders comply with the insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 - System for Electronic Disclosure by Insiders. The Trust will take the appropriate measures to require that each insider of AmalCo will (i) file insider reports about trades in Trust Units and Exchangeable Shares and (ii) comply with legislative prohibitions against insider trading;

6.5.11 the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of AmalCo; and

6.5.12 AmalCo has not issued any securities, other than the Exchangeable Shares, securities issued to the Trust or its affiliates, or debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

"Mavis Legg", CA
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