

IN THE MATTER OF THE *SECURITIES ACT*,

R.S.N.W.T. 1988, c.S-5

and

IN THE MATTER OF

CEQUEL ENERGY INC.

PROGRESS ENERGY LTD.

PROGRESS ENERGY TRUST

PROGRESS ACQUISITION CORP.

CEQUEL ACQUISITION CORP.

CYRIES ENERGY INC. and

PROEX ENERGY LTD.

EXEMPTION ORDER

UPON the application of Progress Energy Ltd. ("**Progress**"), Cequel Energy Inc. ("**Cequel**"), Progress Energy Trust (the "**Trust**"), Progress Acquisition Corp. ("**Progress AcquisitionCo**"), Cequel Acquisition Corp. ("**Cequel AcquisitionCo**"), Cyries Energy Inc. ("**Cyries**") and ProEx Energy Ltd. ("**ProEx**") (collectively, the "**Applicant**") to the Registrar of Securities (the "**Registrar**") for an order pursuant to subsections 4(5) and 27(2)(b) of the *Securities Act* R.S.N.W.T. 1988, c.S-5, as amended (the "**Act**"), exempting the distribution of securities described herein and the Applicant from the provisions of the Act requiring registration and the provisions of the Act requiring the filing of a prospectus or statement of material facts;

AND UPON the Applicant representing to the Registrar that:

1. Cequel and Progress have filed a Joint Information Circular and Proxy Statement dated May 28, 2004 (the "**Information Circular**") with respect to a Plan of Arrangement (the "**Arrangement**") involving Cequel, Progress, the Trust, Progress AcquisitionCo, Cequel AcquisitionCo, Cyries and ProEx;
2. As a result of the proposed Arrangement, the Trust, ProEx and Cyries will become publicly held and publicly listed entities;
3. Cequel shareholders ("**Cequel Shareholders**") (other than non-resident and tax-exempt Cequel Shareholders) will receive, for each one common share of Cequel owned, a fraction of a trust unit

of the Trust (“**Trust Unit**”), a fraction of a common share of ProEx (“**ProEx Common Share**”) and a fraction of a common share of Cyries (“**Cyries Common Share**”), or a fraction of a series A exchangeable share (“**Exchangeable Share**”) of the corporation resulting from the amalgamation of Cequel, Progress, Cequel AcquisitionCo and Progress AcquisitionCo (“**AmalgamationCo**”), a fraction of a ProEx Common Share and a fraction of a Cyries Common Share; and Progress shareholders (the “**Progress Shareholders**”) (other than non-resident and tax-exempt Progress Shareholders) will receive, for each common share of Progress owned, one Trust Unit, a fraction of a ProEx Common Share and a fraction of a Cyries Common Share, or one Exchangeable Share, a fraction of a ProEx Common Share and a fraction of a Cyries Common Share, with each Exchangeable Share being exchangeable initially for one Trust Unit, subject to adjustment, as described in the Information Circular;

4. Cequel, Progress, the Trust, Progress AcquisitionCo, Cequel AcquisitionCo, Cyries and ProEx have made application pursuant to sections 4(5) and 27(2)(b) of the Act for an order that the distribution of securities of Progress, Cequel, the Trust, Progress AcquisitionCo, Cequel AcquisitionCo, AmalgamationCo, Cyries and ProEx to the Cequel Shareholders and the Progress Shareholders pursuant to the Arrangement and all subsequent issuances of Trust Units pursuant to the provisions of the Exchangeable Shares and certain ancillary agreements (all as described in the Information Circular) are not subject to sections 4(1)(a) and 27(2)(a) of the Act.

AND UPON reading and considering the application of Cequel, Progress, the Trust, Progress AcquisitionCo, Cequel AcquisitionCo, Cyries and ProEx dated June 4, 2004;

AND UPON the Registrar being satisfied that it would not be prejudicial to the public interest to do so;

IT IS HEREBY ORDERED THAT:

1. Pursuant to subsections 4(5) and 27(2)(b) of the Act that the distribution of securities of Progress, Cequel, the Trust, Progress AcquisitionCo, Cequel AcquisitionCo, AmalgamationCo, Cyries and ProEx to the Cequel Shareholders and the Progress Shareholders pursuant to the Arrangement and all subsequent issuances of Trust Units pursuant to the provisions of the Exchangeable Shares and certain ancillary agreements (all as described in the Information Circular) are not subject to sections 4(1)(a) and 27(2)(a) of the Act.
2. The first trade in the securities acquired pursuant to this order shall be deemed to be a distribution unless the conditions in subsections 2.6(3) and 2.9(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied.

DATED at the City of Yellowknife, in the Northwest Territories, this 22nd day of June, 2004.

“Tony Wong”

Tony S.K. Wong
Registrar, Securities & Corporate Registries