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Our File No.: 21962-1

July 5, 2000

VIA SEDAR

Commission des valeurs des mobilieres du Quebec
17th Floor, Stock Exchange Tower
Victoria Square
Montreal, Quebec, H4Z 1G3

Dear Sirs/Mesdames:

**Re: Beau Canada Exploration Ltd. ("Beau Canada") and Genoil Inc. ("Genoil")
Notice under Section 50 of the Quebec Securities Act**

We are counsel to Beau Canada and Genoil. On May 30, 2000, Beau Canada announced its intention to distribute the common shares it holds in Genoil, a 74% owned subsidiary, to Beau Canada shareholders, which distribution will take place by way of a statutory reorganization of its share capital.

1. Beau Canada Exploration Ltd.

1.1 Beau Canada was incorporated under the federal laws of Canada on May 14, 1981 as 107180 Canada Ltd. On June 25, 1982 the name was changed to Beau Canada Exploration Ltd. On November 2, 1993, Beau Canada amalgamated with Belmoral Mines Ltd. and on January 1, 1995 Beau Canada further amalgamated with CALEX Resources Ltd. and Beau Twining Petroleum Ltd. The amalgamated entity retained the name Beau Canada Exploration Ltd.

1.2 The registered office of Beau Canada is located at 4500, 855 – 2 Street S.W., Calgary, Alberta, T2P 4K7 and its head office is located at 4700, 150 – 6 Avenue S.W., Calgary, Alberta, T2P 3Y7.

1.3 Beau Canada is an independent energy company engaged in the exploration for and development, production and marketing of natural gas, natural gas liquids and oil.

1.4 The authorized capital of Beau Canada consist of an unlimited number of common shares. As at June 19, 2000, 92,002,079 common shares were issued and outstanding.

1.5 The common shares of Beau Canada are fully participating voting shares and are listed on the Toronto Stock Exchange.

1.6 Beau Canada is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and New Brunswick.

2. Genoil Inc.

2.1 Genoil was incorporated under the laws of the province of Alberta on April 1, 1996.

2.2 The registered office of Genoil is located at 4500, 855 – 2 Street S.W., Calgary, Alberta, T2P 4K7 and its head office is located at 4700, 150 – 6 Avenue SW, Calgary, Alberta, T2P 3Y7.

2.3 Genoil's principal asset is 100% ownership of CE^3 Technologies Inc. ("CE^3"), an Edmonton based technology firm. CE^3 has three main technologies, all associated with increasing the profitability of heavy oil production.

2.4 The authorized capital of Genoil consists of an unlimited number of common shares and an unlimited number of preferred shares. As at June 27, 2000, 67,206,931 common shares were issued and outstanding and no preferred shares were issued and outstanding.

2.5 The common shares of Genoil are fully participating voting shares and have been listed on the Canadian Venture Exchange ("CDNX") since April 1999. Prior to its CDNX listing, Genoil common shares were traded over the counter on the Canadian Dealer Network.

2.6 Genoil is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and is not in default of any of the requirements under the securities acts of the indicated provinces.

2.7 Beau Canada owns 61,595,677 common shares, or approximately 79.7% of the issued and outstanding common shares of Genoil.

3. The Capital Reorganization of Beau Canada

3.1 Beau Canada intends to distribute the common shares it owns in Genoil to Beau Canada shareholders.

3.2 The distribution will take place by way of a share capital reorganization whereby the Beau Canada shareholders will be asked to vote upon the reorganization of Beau Canada's share capital.

3.3 The effect of the share capital reorganization will be the splitting of an existing Beau Canada common share into a new Beau Canada common share and a Genoil common share.

3.4 The distribution of the Genoil common shares is being undertaken as a capital reorganization in order for the distribution to be tax neutral to the Beau Canada shareholders that will receive the Genoil common shares.

4. Further Background

4.1 The reorganization is a statutory procedure under Section 173 of the *Canada Business Corporations Act*, which reorganization is exempt from the prospectus requirements and is granted first trade relief under the securities acts of most provinces of Canada. Upon recent inquiry with the Commission des valeurs des mobilieres du Quebec through a Montreal law firm, it is our understanding that the subject transaction fits squarely within Section 50 of the Quebec Securities Act.

4.2 At a meeting of Beau Canada shareholders on or about July 25, 2000, Beau Canada will ask its shareholders to approve the capital reorganization distributing the Genoil common shares to Beau Canada shareholders.

4.3 The information as required by Section 106 of the Regulations has been included in the proxy circular which was mailed to shareholders on June 19, 2000.

Request

Based on the foregoing, it is requested that the Commission agree that the exchange of Beau Canada common shares into Beau Canada common shares and Genoil common shares is exempt from the registration and prospectus requirements in accordance with Section 50 of the Quebec Securities Act.

A fee of $615.96 is included pursuant to Section 267(5)(b) of the Regulations which represents a book value of $0.20 per Genoil common share (which is the approximate value of Genoil's common shares purchased by Beau Canada. Genoil's common shares are currently halted on the CDNX pending approval of various related transactions). If you have any questions or require further information with respect to this matter, please contact the undersigned at (403) 298-3095.

Yours truly,

BENNETT JONES

"Kenton Rein"

Kenton Rein

KR/jas