

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF The Securities Act  
(SA 1981, c. S-6.1, as amended) (the "Act")

- and -

IN THE MATTER OF An Exemption from the Requirements of  
Alberta Securities Commission Rule 46-501 - Junior Capital Pool  
Offerings for Issuers listed on the Canadian Venture Exchange Inc.

ORDER  
(Subsection 186(1))

1. WHEREAS on November 26, 1999 the Alberta Securities Commission (the "Commission") issued an order (the "Initial Order"), a copy of which is attached as Appendix A, providing transitional relief from the requirements of Alberta Rule 46-501 - (the "JCP Rule") for certain issuers undertaking an offering, in whole or in part, under the capital pool company program (the "CPC Program") adopted by the Canadian Venture Exchange ("CDNX");
2. AND WHEREAS the expiry date of the Initial Order was extended from March 31, 2000 to June 30, 2000 by an order of the Commission dated March 8, 2000 (BOR# 46-503) and further extended from June 30, 2000 to December 31, 2000 by an order of the Commission dated June 30, 2000 (BOR# 46-504);
3. AND WHEREAS the CPC Program replaced the junior capital pool program offered by the Alberta Stock Exchange (the "ASE") and the venture capital pool program offered by the Vancouver Stock Exchange (the "VSE") prior to the merger of the ASE and the VSE on November 26, 1999 to form CDNX;
4. AND WHEREAS the Initial Order, as amended, will expire on its terms on December 31, 2000 unless the JCP Rule has been amended or replaced prior to that date;
5. AND WHEREAS Commission staff are working with the staff of the British Columbia, Manitoba and Ontario and Saskatchewan Securities Commissions on drafting a multilateral instrument governing the CPC Program;

- 6. AND WHEREAS additional time is required to complete the review process prior to December 31, 2000;
- 7. AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;
- 8. IT IS HEREBY ORDERED pursuant to subsection 186(1) of the Act that subsection 14.2 of the Initial Order be varied by striking "December 31, 2000" and substituting "June 30, 2001".

Dated at the City of CALGARY )  
 )  
 in the Province of ALBERTA )  
 )  
 this 19<sup>th</sup> day of December, 2000 ) (original signed by)  
 ) Glenda A. Campbell, Vice-Chair  
 )  
 )  
 ) (original signed by)  
 ) James E. Allard, Member

APPENDIX "A"

BOR#46-502 (AB)

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF The Securities Act  
(SA 1981, c. S-6.1, as amended) (the "Act")

- and -

IN THE MATTER OF An Exemption from the Requirements of  
Alberta Securities Commission Rule 46-501 - Junior Capital Pool  
Offerings for Issuers listed on the Canadian Venture Exchange Inc.

ORDER

(Section 9.1 of Alberta Securities Commission Rule 46-501)

1. WHEREAS the Vancouver Stock Exchange (the "VSE"), The Alberta Stock Exchange (the "ASE"), The Toronto Stock Exchange (the "TSE") and The Montreal Exchange (the "ME") entered into an agreement dated March 15, 1999 (the "Agreement") pursuant to which each of the exchanges agreed to assume listing functions for certain types of publicly traded securities in Canada's capital markets;
2. AND WHEREAS the Agreement contemplated the VSE and ASE combining to form a new exchange for the purpose of providing trading facilities and related services for securities of junior issuers;
3. AND WHEREAS on November 26, 1999 the ASE and the VSE merged (the "Merger") to form the Canadian Venture Exchange ("CDNX");
4. AND WHEREAS CDNX has been recognized as an exchange by the Alberta Securities Commission (the "Commission") and by the British Columbia Securities Commission;
5. AND WHEREAS CDNX has adopted a capital pool company policy (the "CPC Policy") to govern offerings previously made by junior start up issuers in Alberta under the Junior Capital Pool concept developed by the Commission and the ASE and governed by Alberta Securities Commission Rule 46-501 - Junior Capital Pool Offerings (the "JCP Rule") and ASE Circular 7 - Junior Capital Pool Issuers and by junior start-up issuers in British Columbia under the VSE

Venture Capital Pool Policy;

6. AND WHEREAS the CPC Policy adopted by CDNX differs significantly from the JCP concept on which the JCP Rule is based;
7. AND WHEREAS the Commission intends to amend the JCP Rule to reflect the provisions of the CPC Policy but was unable to do so prior to the Merger due to the timing constraints involved in amending a rule under the rule-making provisions of the Securities Regulation;
8. AND WHEREAS for transitional purposes, it is expedient to provide, for a limited period of time, relief from the requirements of the JCP Rule for an issuer (a "CPC Issuer") that wishes to undertake an offering pursuant to a CPC prospectus and a qualifying transaction (a "Qualifying Transaction") under the CPC Policy (collectively, a "CPC Transaction");
9. AND WHEREAS for transitional purposes under the CPC Policy, an issuer that has obtained a receipt for a JCP prospectus and a listing on the ASE but has not yet at the date of the Merger completed a major transaction under the JCP program (a "JCP Issuer") may elect to either complete a major transaction under the JCP program or a Qualifying Transaction;
10. AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;
11. IT IS HEREBY ORDERED pursuant to section 9 of the JCP Rule that a CPC Issuer undertaking a CPC Transaction is exempt from the requirements of the JCP Rule, provided that:
  - 11.1 the CPC Issuer files and obtains a receipt for a CPC prospectus after the date of the Merger; and
  - 11.2 the CPC Transaction is conducted in accordance with the rules and procedures set out in the CPC Policy;
12. AND IT IS FURTHER ORDERED that a JCP Issuer that wishes to pursue a Qualifying Transaction under the CPC Policy is exempt from the requirements of sections 2.3, 3.1, 3.2 and Part 8 of the JCP Rule, provided that the JCP Issuer:
  - 12.1 has filed and obtained a receipt for a JCP prospectus;

- 12.2 upon the material change to its business objectives, promptly issues a comprehensive press release regarding its intention to seek a potential Qualifying Transaction under the CPC Policy and the impact of the decision to extend the scope of its search for a significant asset or business to include foreign transactions and files a material change report with the Commission and CDNX within 10 days of the material change; and
- 12.3 the Qualifying Transaction is conducted in accordance with the rules and procedures set out in the CPC Policy;
- 13. AND IT IS FURTHER ORDERED that a JCP Issuer is exempt from the requirements of sections 2.3, 3.1, 3.2 and Part 8 of the JCP Rule, provided that the JCP Issuer:
  - 13.1 prior to the distribution of securities pursuant to the JCP prospectus, has filed and obtained a receipt for an amendment to the JCP prospectus disclosing its intention to conduct a potential Qualifying Transaction in accordance with the CPC Policy and the impact of the decision to extend the scope of its search for a significant asset or business to include foreign transactions; and
  - 13.2 the Qualifying Transaction is conducted in compliance with the rules and procedures set out in the CPC Policy;
- 14. AND IT IS FURTHER ORDERED that this order shall expire on the earlier of:
  - 14.1 the amendment or replacement of the JCP Rule; or
  - 14.2 March 31, 2000.

Dated at the City of CALGARY )  
 ) (original signed by)  
 in the Province of ALBERTA ) Glenda A. Campbell, Vice-Chair  
 )  
 this 26th day of November, 1999 )  
 ) (original signed by)  
 ) Eric T. Spink, Vice-Chair