

The Ontario Securities Commission

OSC Bulletin

September 16, 2005

Volume 28, Issue 37

(2005), 28 OSCB

The Ontario Securities Commission Administers the Securities Act of Ontario (R.S.O. 1990, c.S.5) and the Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

The Ontario Securities Commission

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Published under the authority of the Commission by:

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One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
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The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of \$549 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	\$175
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Single issues of the printed Bulletin are available at \$20 per copy as long as supplies are available.

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Chapter 1

Notices / News Releases

1.1	Notices		<u>SCHEDULED OSC HEARINGS</u>
1.1.1	Current Proceedings Before The Ontario Securities Commission	TBA	Yama Abdullah Yaqeen
	SEPTEMBER 16, 2005		s. 8(2)
	CURRENT PROCEEDINGS		J. Superina in attendance for Staff
	BEFORE		Panel: TBA
	ONTARIO SECURITIES COMMISSION	TBA	Cornwall <i>et al</i>
	-----		s. 127
	Unless otherwise indicated in the date column, all hearings will take place at the following location:		K. Manarin in attendance for Staff
			Panel: TBA
	The Harry S. Bray Hearing Room Ontario Securities Commission Cadillac Fairview Tower Suite 1700, Box 55 20 Queen Street West Toronto, Ontario M5H 3S8	TBA	Philip Services Corp. <i>et al</i>
			s. 127
			K. Manarin in attendance for Staff
			Panel: TBA
	Telephone: 416-597-0681 Telecopier: 416-593-8348	TBA	Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig
CDS	TDX 76		s. 127
	Late Mail depository on the 19 th Floor until 6:00 p.m.		J. Waechter in attendance for Staff
	-----		Panel: TBA
	<u>THE COMMISSIONERS</u>		
	Paul M. Moore, Q.C., Vice-Chair — PMM		
	Susan Wolburgh Jenah, Vice-Chair — SWJ	TBA	Jose L. Castaneda
	Paul K. Bates — PKB		s.127
	Robert W. Davis, FCA — RWD		T. Hodgson in attendance for Staff
	Harold P. Hands — HPH		Panel: TBA
	David L. Knight, FCA — DLK		
	Mary Theresa McLeod — MTM		
	H. Lorne Morphy, Q.C. — HLM	TBA	John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir
	Carol S. Perry — CSP		S. 127 & 127.1
	Robert L. Shirriff, Q.C. — RLS		K. Manarin in attendance for Staff
	Suresh Thakrar, FIBC — ST		Panel: TBA
	Wendell S. Wigle, Q.C. — WSW		

TBA **James Patrick Boyle, Lawrence Melnick and John Michael Malone**

s. 127 and 127.1

Y. Chisholm in attendance for Staff

Panel: TBA

September 28 and **Francis Jason Biller**
29, 2005

10:00 a.m. s.127

P. Foy in attendance for Staff

Panel: RLS/RWD/CSP

October 4, 2005 **Momentas Corporation, Howard Rash, Alexander Funt, Suzanne Morrison and Malcolm Rogers**

2:30 p.m. s. 127 and 127.1

P. Foy in attendance for Staff

Panel: RWD/CSP

October 6, 2005 **Olympus United Group Inc.**

10:00 a.m. s.127

M. MacKewn in attendance for Staff

Panel: TBA

October 6, 2005 **Norshield Asset Management (Canada) Ltd.**

10:00 a.m. s.127

M. MacKewn in attendance for Staff

Panel: TBA

October 6, 2005 **George Theodore**

10:00 a.m. s. 127

P. Foy in attendance for Staff

Panel: TBA

October 11, 2005 **Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson**

9:00 a.m. s.127

J. Superina in attendance for Staff

Panel: SWJ/RWD/MTM

October 12, 2005 **Christopher Freeman**

10:00 a.m. s. 127 and 127.1

P. Foy in attendance for Staff

Panel: TBA

November 2005 **Andrew Currah, Colin Halanen, Joseph Damm, Nicholas Weir, Penny Currah, Warren Hawkins**

s.127

J. Waechter in attendance for Staff

Panel: TBA

December 16, 2005 **Portus Alternative Asset Management Inc., and Portus Asset Management, Inc.**

10:00 a.m. s. 127

M. MacKewn in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

1.3 News Releases

1.3.1 Andrew Rankin Sentencing Adjourned to October 19, 2005

FOR IMMEDIATE RELEASE
September 9, 2005

**ANDREW RANKIN SENTENCING
ADJOURNED TO OCTOBER 19, 2005**

TORONTO – The sentencing of Andrew Rankin has been adjourned to October 19, 2005, at 9:30 am in Courtroom 121 at Old City Hall.

On July 15, 2005, Rankin was found guilty of ten counts of tipping, a violation of the Ontario *Securities Act*.

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Public Affairs
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Eric Pelletier
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416-595-8913

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1.3.2 CSA Implements National Prospectus and Registration Exemption Rule

FOR IMMEDIATE RELEASE
September 14, 2005

**CSA IMPLEMENTS NATIONAL PROSPECTUS AND
REGISTRATION EXEMPTION RULE**

Calgary – The Canadian Securities Administrators (CSA) implemented a new rule today that will harmonize and consolidate prospectus and registration exemptions across Canada.

National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) takes effect today and sets out most significant existing exemptions found in securities legislation across Canada. In addition to consolidating the various exemption regimes across Canada, NI 45-106 is more straight-forward and user-friendly.

A list of any remaining local exemptions to prospectus and registration requirements of securities laws can be found in CSA Staff Notice 45-304 *Notice of Local Exemptions Related to National Instrument 45-106 Prospectus and Registration Exemptions* which is available on the CSA website at www.csa-acvm.ca.

Canadian companies wanting to access the exempt market are encouraged to familiarize themselves with the new rule. NI 45-106 and all related materials can be found on websites of Canadian securities regulators.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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www.albertasecurities.com

Manitoba Securities Commission
Ainsley Cunningham
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www.msc.gov.mb.ca

British Columbia Securities Commission
Andrew Poon
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www.bcsc.bc.ca

Autorité des marchés financiers (AMF)
Philippe Roy
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1-800-361-5072 (Québec only)
www.lautorite.qc.ca

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Mackenzie Financial Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for mutual fund prospectus lapse date extension – lapse date coincides with filing deadline for initial management report of fund performance.

Applicable Ontario Provisions:

Securities Act, R.S.O. 1990, c. S.5 as am., s. 62(5).

August 30, 2005

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

AND

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

AND

**IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(THE MANAGER)**

AND

**THE MUTUAL FUNDS SET OUT IN SCHEDULE “A”
(THE FUNDS)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Manager and the Funds for a decision under the securities legislation of the Jurisdictions (the Legislation) that the time limits for the renewal of the simplified prospectuses of the Funds dated September 30, 2004 (the Prospectus) be extended to those time limits that would be applicable if the lapse date of the Prospectus was October 31, 2005 (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Applicant:

- (a) The Manager is the manager of the Funds.
- (b) The Funds consist of 38 classes of special shares of Mackenzie Financial Capital Corporation, a corporation incorporated under the laws of Ontario.
- (c) The Funds are currently qualified for distribution in all of the provinces and territories of Canada under the Prospectus.
- (d) The Funds are reporting issuers under the Legislation. None of the Funds is in default of any of the requirements of the Legislation.
- (e) A substantial amount of work must be done by the Manager in connection with the preparation of the Management Reports of Fund Performance (MRFP Reports) for the Funds as required by National Instrument 81-106 – *Investment Fund Continuous Disclosure* (NI 81-106) in time for their due date for filing of October 28, 2005. This is the first occasion that MRFP Reports are being prepared for the Funds pursuant to NI 81-106 and staff of the Manager are being trained and becoming acquainted for the first time with the requirements in this regard. These members of the Manager's staff are also the individuals with the requisite knowledge for the simplified prospectus and annual

information form of the Funds and, therefore, would be intimately involved with their preparation. Notwithstanding the extensive numbers of staff members in the affected departments, the Manager has had to hire additional personnel to ensure it can complete the MRFP Reports within the regulatory timeframes. Costs of these additional personnel are charged to the Funds as fund operating expenses.

- (f) Notwithstanding the hiring of additional personnel, it is not anticipated that the MRFP Reports will be ready for filing before late October and in any event on a date after October 10, 2005 which is the due date for the filing of the final renewal Prospectus.
- (g) Section 7.4 of National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (NI 81-101) provides that Items 8, 11 and 13.1 of Part B of Form 81-101F1 do not apply to a mutual fund that has filed a MRFP Report pursuant to NI 81-106.
- (h) Based on the current requirement to file a final prospectus for the Funds by October 10, 2005, and the MRFP Reports by October 28, 2005, the Funds must provide each Fund's principal holdings, past performance and financial highlights in both the Prospectus as well as in the MRFP Reports. Doing so would in many respects be duplicative and there are also differences in the content and manner of presentation of the information in the Prospectus and MRFP Reports.
- (i) If the Funds are required to provide disclosure in both the Prospectus and MRFP Reports, it will require that the resources the Manager has available will be spending unnecessary time and incurring additional costs in preparing information for disclosure in the Prospectus which, pursuant to section 7.4 of NI 81-101, will no longer be required once the MRFP Reports have been filed.
- (j) Since September 30, 2004, the date of the Prospectus, apart from amendments that have been made to the Prospectus, no undisclosed material change has occurred. Accordingly, the Prospectus, as amended, provides accurate information regarding the Funds. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus, as

amended, and accordingly, will not be prejudicial to the public interest.

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided a simplified prospectus is filed no later than 10 days after October 31, 2005 and that a receipt for the simplified prospectus is obtained no later than 20 days after October 31, 2005.

Yours truly,

"Leslie Byberg"
Manager, Investment Funds
Ontario Securities Commission

SCHEDULE "A"

List of Funds

Mackenzie Cundill Canadian Security Capital Class
 MacKenzie Ivy Canadian Capital Class
 Mackenzie Ivy Enterprise Capital Class
 Mackenzie Maxxum Canadian Equity Growth Capital Class
 Mackenzie Maxxum Canadian Value Capital Class
 Mackenzie Maxxum Dividend Capital Class
 Mackenzie Select Managers Canada Capital Class
 Mackenzie Universal Canadian Growth Capital Class
 Mackenzie Universal Future Capital Class
 Mackenzie Cundill American Capital Class
 Mackenzie Select Managers USA Capital Class
 Mackenzie Universal American Growth Capital Class
 Mackenzie Universal U.S. Blue Chip Capital Class
 Mackenzie Universal U.S. Emerging Growth Capital Class
 Mackenzie Universal U.S. Growth Leaders Capital Class
 Mackenzie Cundill Value Capital Class
 Mackenzie Ivy European Capital Class
 Mackenzie Ivy Foreign Equity Capital Class
 Mackenzie Select Managers Capital Class
 Mackenzie Select Managers Far East Capital Class
 Mackenzie Select Managers International Capital Class
 Mackenzie Select Managers Japan Capital Class
 Mackenzie Universal Emerging Markets Capital Class
 Mackenzie Universal European Opportunities Capital Class
 Mackenzie Universal Global Future Capital Class
 Mackenzie Universal Growth Trends Capital Class
 Mackenzie Universal International Stock Capital Class
 Mackenzie Universal Sustainable Opportunities Capital Class
 Mackenzie Universal Emerging Technologies Capital Class
 Mackenzie Universal Financial Services Capital Class*
 Mackenzie Universal Health Sciences Capital Class
 Mackenzie Universal World Precious Metals Capital Class
 Mackenzie Universal World Real Estate Capital Class
 Mackenzie Universal Resource Capital Class
 Mackenzie Universal World Science & Technology Capital Class
 Mackenzie Sentinel Canadian Managed Yield Capital Class
 Mackenzie Sentinel Managed Return Capital Class
 Mackenzie Sentinel U.S. Managed Yield Capital Class

*Subject to shareholder approval, Mackenzie Universal Financial Services Capital Class will undergo a name change on August 30, 2005 to Mackenzie Maxxum Global Explorer Capital Class

2.1.2 CI Fund Management Inc. and IQON Financial Inc. - MRRS Decision

Headnote

Exemption from subsection 2.1(1)(a) of National Instrument 81-105 Mutual Fund Sales Practices granted to permit a member of the organization of certain mutual funds to make a payment of money to assist an affiliated participating dealer in implementation of a retention plan for representatives of the affiliated participating dealer – exemption also granted from subsection 2.2(1) of National Instrument 81-105 to permit the affiliated participating dealer to accept the payment of money to implement the retention plan.

Rules Cited:

National Instrument 81-105 Mutual Fund Sales Practices.

August 30, 2005

**IN THE MATTER OF
 THE SECURITIES LEGISLATION
 OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
 MANITOBA,
 ONTARIO, NEW BRUNSWICK, NOVA SCOTIA,
 PRINCE EDWARD ISLAND, NEWFOUNDLAND AND
 LABRADOR,
 NORTHWEST TERRITORIES, YUKON AND NUNAVUT
 (THE JURISDICTIONS)**

AND

**IN THE MATTER OF
 CI FUND MANAGEMENT INC. (CI)**

AND

**IN THE MATTER OF
 IQON FINANCIAL INC.
 (IQON)**

MRRS DECISION DOCUMENT

Background

The securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from CI and IQON (the Applicants) for a decision (the Decision) under the securities legislation of the Jurisdictions (the Legislation) for an exemption pursuant to section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices (NI 81-105) that the provisions in:

- (a) subsection 2.1(1)(a) of NI 81-105 restricting a member of the organization of a mutual fund from making payments of money to a participating dealer or a representative of a participating dealer in connection with the distribution of securities of the mutual fund; and

(b) subsection 2.2(1) of NI 81-105 restricting a participating dealer or a representative of a participating dealer from soliciting or accepting payments of money from a member of the organization of a mutual fund in connection with the distribution of securities of the mutual fund

shall not apply to the financial assistance (the Financial Assistance) to be provided by CI to IQON in connection with the Retention Plan (as described below) (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this Decision unless they are otherwise defined in this Decision.

Representations

This Decision is based on the following facts represented by the Applicants:

- 1. CI is a corporation subsisting under the laws of the Province of Ontario and has its principal office in Toronto, Ontario.
- 2. IQON is a corporation subsisting under the laws of the Province of Manitoba and has its principal office in Winnipeg, Manitoba. IQON is registered as a mutual fund dealer (or its equivalent) under the Legislation. IQON engages in the distribution of mutual fund securities and therefore is a “participating dealer” for purposes of NI 81-105. IQON is an indirect wholly-owned subsidiary of CI.
- 3. CI also wholly-owns CI Investments Inc. (CII). CII is a corporation subsisting under the laws of the Province of Ontario and has its principal office in Toronto, Ontario. The principal business activity of CII is the management of in excess of 95 mutual funds (the CI Funds) and other investment vehicles and accounts. As such, CII is, for each CI Fund, a “member of the organization of the mutual fund” for purposes of NI 81-105. By virtue of each Applicant being an affiliate of CII, each Applicant also is, for each CI Fund, a “member of the organization of the mutual fund” for purposes of NI 81-105.
- 4. The prospectuses of the CI Funds provide the disclosure regarding dealer compensation, the sales practices followed for distribution of the CI

Funds and the equity interest that CI has in IQON, as required by Part 8 of NI 81-105.

- 5. There currently is strong competition among registered dealers in Canada to recruit successful sales representatives who have developed significant client bases and assets under administration (AUA). Recruiting methods include offering financial incentives to sales representatives to leave their current registered dealers and move to competing registered dealers. Financial incentives frequently take the form of a cash payment based on one or more criteria (such as the dollar value of the AUA of the sales representative and/or recent sales commission revenues generated by the sales representative for his or her registered dealer).
- 6. Typically, a financial incentive is paid in instalments, with the full amount of the financial incentive not being fully paid until the sales representative has remained with the new registered dealer for one or more years. Consequently, financial incentives serve both to entice sales representatives to change registered dealers and to remain with the new registered dealers for a period of time.
- 7. IQON is aware that a number of its most successful sales representatives have received offers of financial incentives from competing registered dealers to leave IQON and move to the competing dealer. IQON is concerned that, in the absence of providing such sales representatives with a comparable financial incentive to remain with IQON, such sales representatives may depart IQON for competing registered dealers. This likely will result in IQON needing to recruit new sales representatives and to offer such sales representatives a financial incentive to join IQON. It is IQON’s strong preference to pay a financial incentive to its existing sales representatives to encourage them to remain with IQON, rather than to pay a financial incentive to sales representatives at competing registered dealers to encourage them to relocate to IQON. Consequently, IQON proposes to implement a retention plan (the Retention Plan) in order to provide its successful sales representatives with a financial incentive to remain at IQON and not accept the offers of financial incentives from competing registered dealers.
- 8. Under the Retention Plan, IQON will determine an amount (a Retention Amount) to be paid to each of its eligible sales representatives. The Retention Amount will be calculated as a percentage of the AUA attributed to the sales representative as of December 31, 2004. The Retention Plan also will include a threshold level, below which sales representatives will not receive any Retention Amount. The proportion of AUA invested in CI Funds and the proportion of sales commission

revenues generated from the sale of CI Funds will not be a factor in determining the Retention Amounts.

9. It is currently anticipated that less than half of the sales representatives at IQON will receive a Retention Amount. Though the financial incentives offered by competing dealers vary significantly, IQON believes that the size of the Retention Amounts and the length of time during which the sales representatives will be expected to remain with IQON under the Retention Plan are fair and reasonable in comparison to the incentives being offered by competing registered dealers.
10. IQON's sales representatives will be advised that the Retention Amounts will be determined based on historical information which cannot be changed by the sales representatives. IQON sales representatives also will be advised that this Retention Plan is a one-time program and that sales representatives should not expect that any similar financial incentive will be offered to them in the future.
11. The amount of funding required to implement the Retention Plan is more than the excess cash flow generated at IQON. Consequently, in order to implement the Retention Plan, IQON requires the Financial Assistance from CI in the form of funding for the Retention Amounts.
12. In the absence of the Requested Relief, CI would be prohibited by NI 81-105 from providing IQON with the Financial Assistance to fund the Retention Plan.
13. The Retention Plan is neither intended nor expected to influence the decisions made by sales representatives concerning the mutual funds which they recommend to their clients for investment.

and objectives of each of the clients of the Eligible Representatives and the suitability of a proposed purchase or sale of a mutual fund security for the client (the Suitability Requirement);

- (b) at the time of receiving a Retention Amount, each Eligible Representative executes an acknowledgement that acknowledges that the Eligible Representative will comply with the Suitability Requirement and that receiving the Retention Amount will not influence the recommendations made by the Eligible Representative to each client concerning mutual fund investments;
- (c) the Applicants shall comply in all other respects with the Legislation in connection with the distribution of securities of CI Funds, except to the extent that exemptive relief may be granted therefrom; and
- (d) IQON's sales representatives are not, and shall not in the future be, subject to quotas (either express or implied) in respect of the distribution of CI Funds and shall continue to be entitled to offer competing products to their clients and, except as permitted by the Legislation, the Applicants and their affiliates shall not provide an incentive to any sales representative of IQON to recommend CI Funds over third party products.

"Robert L. Shirriff"
Commissioner
Ontario Securities Commission

"Harold P. Hands"
Commissioner
Ontario Securities Commission

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

- (a) the compliance officer of IQON (as designated by IQON in accordance with the rules of the Mutual Fund Dealers Association of Canada) monitors adherence by the sales representatives who receive Retention Amounts (the Eligible Representatives) to the requirement in the Legislation to ascertain the general investment needs

2.1.3 UBS Global Asset Management (Canada) Co. - MRRS Decision

Headnote

One time trade of securities between existing pooled funds and managed accounts, all advised by the same portfolio adviser, to implement a reorganization of the pooled funds exempt from the self-dealing restriction of section 118(2)(b) – Relief also granted from section 118(2)(b) to allow in specie transfers between pooled funds and managed accounts.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 118(2)(b), 121(2)(a)(ii).

September 9, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, SASKATCHEWAN, QUEBEC,
NEW BRUNSWICK,
NOVA SCOTIA AND NEWFOUNDLAND AND
LABRADOR (the “Jurisdictions”)**

AND

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

AND

**IN THE MATTER OF
UBS GLOBAL ASSET MANAGEMENT (CANADA) CO.
(the “Filer”)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the prohibition contained in the Legislation that prohibits a portfolio manager from knowingly causing an investment portfolio managed by it to purchase or sell the securities of any issuer from or to the account of a responsible person, any associate of a responsible person or the portfolio manager (the “Self-Dealing Prohibition”) shall not apply to effect certain transfers of securities (a) between the Discontinuing Funds and the Separately Managed Accounts and between the Separately Managed Accounts and the Consolidating Funds in connection with a Reorganization of the Discontinuing Funds; and (b) between the Separately Managed Accounts and Pooled Funds, all as defined below.

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation existing under the laws of Nova Scotia with its head office in Toronto, Ontario.
2. The Filer is registered under the Legislation as an adviser in the categories of investment counsel and portfolio manager (or the equivalent). The Filer is also registered as a limited market dealer in Ontario and Newfoundland.
3. The Filer is the portfolio manager of pooled funds (the “Existing Pooled Funds”), which have been established pursuant to an amended and restated trust agreement dated April 8, 2002 and separate supplemental trust agreements for each fund. New pooled funds may also be established by the Filer in the future, of which the Filer will be appointed the portfolio manager (the “Future Pooled Funds”, and together with the Existing Pooled Funds, the “Pooled Funds”).
4. Each of the Pooled Funds is, or will be, an open-end mutual fund trust established under the laws of the Province of Ontario. The Pooled Funds are not and will not be reporting issuers in any province or territory of Canada. Units of the Pooled Funds are or will be distributed in each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the registration and prospectus requirements of the Legislation.
5. The Pooled Funds are an administratively efficient construction that is designed to permit the Filer to build larger investment models rather than reproduce those same models in individual client accounts over which the Filer currently maintains, or may in the future maintain, discretionary authority (“Separately Managed Accounts”).
6. Certain of the Pooled Funds (the “Discontinuing Funds”) and the respective Pooled Fund set out below next to such Discontinuing Fund (the “Consolidating Funds”) have similar investment objectives and are managed pursuant to similar investment strategies. In order to take advantage

of investment efficiencies, the Filer would like to proceed with a number of reorganizations (the “Reorganizations”) involving the orderly consolidation of the Discontinuing Funds into the Consolidating Funds as follows:

<u>Discontinuing Funds</u>	<u>Consolidating Funds</u>
UBS (Canada) Canadian Equity (Capped) Fund	UBS (Canada) Canadian Equity Fund
UBS (Canada) Balanced (Capped) Fund	UBS (Canada) Balanced Fund
UBS (Canada) International Large Cap Equity Fund	UBS (Canada) International Equity Fund
UBS (Canada) U.S. Large/Mid Cap Equity Fund	UBS (Canada) U.S. Equity Fund

7. It is proposed that the consolidations of the Pooled Funds described above will be effected by the redemption of units of the Discontinuing Funds by the investors of the Discontinuing Funds (which are Separately Managed Accounts) through making good delivery of portfolio securities (each such transfer of portfolio securities is referred to as an “In Specie Transfer”) to such investors.
8. It is proposed that the Filer would permit payment, in whole or in part, for units of the Consolidating Funds to be satisfied by In Specie Transfers of securities by the investors who received an In Specie Transfer of securities from the Discontinuing Funds, provided that those securities meet the investment criteria of the relevant Consolidating Fund and are acceptable to the portfolio adviser of the relevant Consolidating Fund. While the portfolio holdings of the Consolidating Funds are anticipated to be identical to those of the Discontinuing Funds, to the extent to which any holding is considered to be unsuitable for the applicable Consolidating Fund, the Filer will arrange for such holdings to be liquidated and replaced with cash or suitable securities.
9. The Filer is the portfolio manager of Separately Managed Accounts pursuant to discretionary management agreements (“Managed Account Agreements”). Where compatible investment objectives and investment efficiencies exist, the Filer may utilize investments in its Pooled Funds for its Separately Managed Accounts.
10. In order to ensure that neither the Separately Managed Accounts nor a Pooled Fund incurs significant expenses related to the disposition and

acquisition of portfolio securities in connection with the purchase or redemption of units of a Pooled Fund, the Filer proposes to facilitate such purchases and redemptions of Pooled Fund units by In Specie Transfers. These transactions will either involve the payment of the purchase price for units of a Pooled Fund or the payment of the redemption price of units of a Pooled Fund by In Specie Transfers between the Separately Managed Account and the Pooled Funds. The Filer will obtain the prior specific written consent of the relevant Separately Managed Account client before it engages in any In Specie Transfers in connection with the purchase or redemption of units of Pooled Funds for its Separately Managed Accounts.

11. Cross-trading allows a portfolio manager to efficiently retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled. Such securities often are those that trade in lower volumes, with less frequency, and have larger bid-ask spreads. Effecting internal cross-trades of securities to implement the Reorganizations and internal cross-trades between Separately Managed Accounts and Pooled Funds in connection with purchases or redemptions of Pooled Fund units reduces brokerage costs and costs caused by market movements, which can be detrimental to the Pooled Funds and the Separately Managed Account clients of the Filer.
12. The only cost which will be incurred by a Pooled Fund or Separately Managed Account for an In Specie Transfer is a nominal administrative charge levied by the custodian of the Pooled Fund in recording the trades (the “Custodial Charge”).
13. The Royal Trust Company (the trustee, custodian and administrator of the Pooled Funds) will value the securities transferred under an In Specie Transfer on the same valuation day on which the unit purchase price or redemption price of a Pooled Fund is determined. With respect to the purchase of units of a Pooled Fund, the securities transferred to a Pooled Fund under an In Specie Transfer in satisfaction of the purchase price of those units will be valued as if the securities were portfolio assets of the Pooled Fund, as contemplated by subsection 9.4(2)(b)(iii) of National Instrument 81-102 – *Mutual Funds* (“NI 81-102”). With respect to the redemption of units of a Pooled Fund, the securities transferred to a Separately Managed Account in satisfaction of the redemption price of those units will have a value equal to the amount at which those securities were valued in calculating the net asset value per security used to establish the redemption price of the units of the Pooled Fund, as contemplated by subsection 10.4(3)(b) of NI 81-102.

14. The proposed In Specie Transfers between the Pooled Funds and Separately Managed Accounts in connection with the Reorganizations and the proposed In Specie Transfers between Pooled Funds and Separately Managed Accounts do not and will not detrimentally impact any of the Pooled Funds or Separately Managed Accounts subject to the In Specie Transfers.
15. None of the securities which are subject to In Specie Transfers are or will be securities of related issuers of UBS AG, the parent company of the Filer.
16. Prior to executing an In Specie Transfer, the In Specie Transfer will be reviewed by the Filer's Senior Management Committee (which includes the Filer's Chief Compliance Officer) to ensure that the conditions of this MRRS Decision Document are or will be met at the time of the transaction and to determine that the transaction represents the business judgment of the Filer acting in its discretionary capacity with respect to the Pooled Fund and the Separately Managed Account, uninfluenced by considerations other than the best interests of the Pooled Fund and Separately Managed Account. The review by the Filer's Senior Management Committee will be submitted in the form of detailed minutes to the Filer's board of directors on a quarterly basis.
17. In the absence of the order, the Filer, being the portfolio manager of the Pooled Funds and the Separately Managed Accounts, would be prohibited by the Self-Dealing Prohibition from: (a) proceeding with In Specie Transfers to effect the Reorganizations; (b) causing a Separately Managed Account to make In Specie Transfers of securities of any issuer to a Pooled Fund in payment of the purchase price for units of a Pooled Fund subscribed for by the Separately Managed Account; and (c) causing a Pooled Fund to make In Specie Transfers of securities of any issuer to a Separately Managed Account in payment of the redemption price for units of the Pooled Fund redeemed by a Separately Managed Account.
- Separately Managed Accounts and the Consolidating Funds to effect the Reorganizations; and
- (B) the Self-Dealing Prohibition shall not apply to the Filer in connection with the payment of the purchase price or redemption price of units of a Pooled Fund by In Specie Transfers between the Pooled Funds and the Separately Managed Accounts, provided that:
- (i) in connection with the purchase of units of a Pooled Fund by a Separately Managed Account:
- (a) the Filer obtains the prior written consent of the client of the relevant Separately Managed Account before it engages in any In Specie Transfers in connection with the purchase of units;
- (b) the Pooled Fund would at the time of payment be permitted to purchase those securities;
- (c) the securities are acceptable to the portfolio adviser of the Pooled Fund and consistent with the Pooled Fund's investment objectives;
- (d) the value of the securities is at least equal to the issue price of the securities of the Pooled Fund for which they are payment, valued as if the securities were portfolio assets of the Pooled Fund;
- (e) the statement of portfolio transactions next prepared for the Separately Managed Account shall include a note describing the securities delivered to the Pooled Fund and the value assigned to such securities; and

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that:

- (A) the Filer is exempt from the Self-Dealing Prohibition so as to enable the Filer to make In Specie Transfers between the Discontinuing Funds and the Separately Managed Accounts and between the

- (ii) in connection with the redemption of units of a Pooled Fund by a Separately Managed Account: ately Managed Account is the Custodial Charge.
- (a) the Filer obtain the prior written consent of the client of the relevant Separately Managed Account to the payment of redemption proceeds in the form of an In Specie Transfer;
- (b) the securities are acceptable to the portfolio adviser of the Separately Managed Account and consistent with the Separately Managed Account's investment objective;
- (c) the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per security used to establish the redemption price;
- (d) the holder of the Separately Managed Account has not provided notice to terminate its Managed Account Agreement with the Filer;
- (e) the statement of portfolio transactions next prepared for the Separately Managed Account shall include a note describing the securities delivered to the Separately Managed Account and the value assigned to such securities; and
- (iii) the Filer does not receive any compensation in respect of any sale or redemption of units of a Pooled Fund and, in respect of any delivery of securities further to an In Specie Transfer, the only charge paid by the Separ-

"Paul M. Moore"
Vice-Chair
Ontario Securities Commission

"Theresa McLeod"
Commissioner
Ontario Securities Commission

2.1.4 Front Street Long/Short Income Fund II - MRRS Decision

Headnote

MRRS - Exemption granted to an investment fund from the requirement in National Instrument 81-106 Investment Funds Continuous Disclosure to calculate its net asset value on a daily basis subject to certain conditions and requirements.

Rules Cited

National Instrument 81-106 Investment Funds Continuous Disclosure, ss.\ 14.2(3), 17.1.

September 9, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC,
NOVA SCOTIA, NEW BRUNSWICK,
NEWFOUNDLAND AND LABRADOR
(the "Jurisdictions")**

AND

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

AND

**IN THE MATTER OF
FRONT STREET LONG/SHORT INCOME FUND II
(the "Fund")**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Fund for a decision under the securities legislation of the Jurisdictions (the "Legislation") for an exemption from the requirement contained in section 14.2(3)(b) of National Instrument 81-106 – Investment Fund Continuous Disclosure ("NI 81-106") to calculate net asset value at least once every business day (the "Requested Relief").

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Fund:

1. The Fund is an investment fund corporation established under the laws of Ontario. The Fund's manager is Front Street Capital 2004 (the "Manager"), and its investment advisor is Front Street Investment Management Inc. (the "Investment Advisor").
2. The Fund will make an offering (the "Offering") to the public, on a best efforts basis, of units of the Fund (the "Units") in each of the provinces of Canada.
3. The Units will be listed for trading on the Toronto Stock Exchange (the "TSX").
4. The Fund will invest the net proceeds of the Offering primarily in a portfolio of securities of income trusts (the "Portfolio"), although the Fund may also invest in preferred shares, corporate and government debt securities and common shares.
5. In order to assist the Fund in achieving its investment objectives, the Fund may invest in or use derivatives and employ a variety of hedging strategies. The Portfolio will include securities which the Investment Advisor believes are undervalued and may include short positions in securities which the Investment Advisor believes are overvalued. The Investment Advisor will manage the relative weightings of the Fund's long and short positions to achieve the Fund's investment objectives of generating a stable stream of income and enhanced capital growth while managing risk to preserve capital. The Fund will also engage in merger arbitrage, convertible arbitrage and trading in securities of issuers that may be involved in restructurings or business unit dispositions.
6. The Fund will calculate its net asset value per Unit on the Thursday of each week of the fiscal year (or if Thursday is not a business day, the immediately preceding day), the last business day of each month and on such other days as the Manager and the Trustee shall determine from time to time (a "NAV Valuation Date"). Net asset value will be calculated as at the close of business on each NAV Valuation Date by subtracting the aggregate amount of the Fund's liabilities (including any accrued performance bonuses and fees payable to the Manager) from the aggregate value of the Fund's assets.

7. The Fund's objectives are to provide holders of Units ("Unitholders") with a stable stream of monthly cash distributions initially targeted to be \$0.05 per Unit (or \$0.60 per annum), representing a yield of 6.0% per annum on the original issue price of the Units, and to provide Unitholders with the opportunity for enhanced capital growth through the selection, management and strategic trading of long and short positions primarily in securities of Income Trusts. On or about December 31, 2015, the Fund will distribute the net assets to Unitholders unless the term is extended by a vote of shareholders.

8. Subject to the Fund's right to suspend redemptions, Units may be surrendered for redemption during the last five business days of November and the first ten business days of December for redemption on the last business day of December in such year (a "Redemption Date"). Units so surrendered for redemption by the registered holder will be redeemed on the applicable Redemption Date.

Decision

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. The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided the Prospectus discloses:

- (a) that the net asset value calculation is available to the public upon request, and

- (b) a toll-free telephone number or website that the public can access for this purpose;

for so long as:

- (c) the Units are listed on the TSX; and

- (d) the Fund calculates its net asset value at least weekly.

"Leslie Byberg"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.5 Navigo Energy Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from certain continuous disclosure requirements for an issuer of exchangeable securities – Exchangeable securities are exchangeable into units of a trust that owns all of the common shares of the issuer.

Applicable Instruments

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

National Instrument 51-102 Continuous Disclosure Obligations.

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

Citation: Navigo Energy Inc., 2005 ABASC 598

August 4, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
YUKON, NORTHWEST TERRITORIES AND NUNAVUT (THE JURISDICTIONS)**

AND

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

AND

**IN THE MATTER OF
NAVIGO ENERGY INC.
(THE FILER)**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that:
 - 1.1 the Filer be exempted from Part 2 (Annual Filing Requirements) and Part 3 (Responsibilities of Reporting Issuers and Directors) of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) (the NI 51-101 Relief);
 - 1.2 in New Brunswick, Yukon, and Nunavut, the Filer be exempted from National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and any comparable continuous disclosure requirements under the securities legislation of such Jurisdictions that have not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (the NI 51-102 Relief);
 - 1.3 in British Columbia and Nova Scotia (the AIF Jurisdictions), the Filer be exempted from Part 6 (Annual Information Form) of NI 51-102 (the AIF Relief); and
 - 1.4 except in British Columbia, the Filer be exempted from the requirements contained in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109) (the MI 52-109 Relief).
2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the MRRS):
 - 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.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

4. The decision is based on the following facts represented by the Filer:
- 4.1 The Filer was amalgamated under the *Business Corporation Act* (Alberta) on December 29, 2003.
 - 4.2 The head office and registered office of the Filer is located in Calgary, Alberta.
 - 4.3 The Filer is a reporting issuer in each of the Jurisdictions where such status exists, and is not in default of any of its obligations under the Legislation.
 - 4.4 The authorized share capital of the Filer includes an unlimited number of common shares (Common Shares) and an unlimited number of exchangeable shares (the Exchangeable Shares).
 - 4.5 Neither the Common Shares nor the Exchangeable Shares are listed or quoted on any marketplace.
 - 4.6 The Trust was established pursuant to a trust indenture dated November 12, 2003 under the laws of Alberta.
 - 4.7 The Trust is, for the purposes of the *Income Tax Act* (Canada), an unincorporated, open-end mutual fund trust.
 - 4.8 The head office of the Trust is located in Calgary, Alberta.
 - 4.9 The Trust is a reporting issuer in each of the Jurisdictions where such status exists, and is not in default of any of its obligations under the Legislation.
 - 4.10 Units of the Trust (Trust Units) are listed and posted for trading on the TSX.
 - 4.11 The Trust owns all of the issued and outstanding securities of the Filer and one Exchangeable Share.
 - 4.12 The unitholders of the Trust (Unitholders) are the sole beneficiaries of the Trust. Computershare Trust Company of Canada (the Trustee) is the trustee of the Trust. The Filer is the administrator of the Trust.
 - 4.13 The Exchangeable Shares are exchangeable into Trust Units having voting attributes equivalent to those of the Trust Units and, to the extent possible, are the economic equivalent of the Trust Units.
 - 4.14 Holders of Exchangeable Shares will receive all disclosure that the Trust is required to send to holders of Trust Units under the Legislation.
 - 4.15 The exchange rights attaching to the Exchangeable Shares are governed by a voting and exchange trust agreement among the Trust, the Filer, 1068251 Alberta Ltd. (ExchangeCo) and the Trustee that provides the Trustee the right to require the Trust or ExchangeCo to exchange the Exchangeable Shares and which will trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events.
 - 4.16 Under a support agreement among the Trust, the Filer and ExchangeCo, the Trust and ExchangeCo will take certain actions and make certain payments and will deliver or cause to be delivered Trust Units in satisfaction of the obligations of the Filer.
 - 4.17 Pursuant to an MRRS decision document dated December 17, 2003 (the 2003 Decision), the Filer obtained relief from the following requirements under the Legislation:
 - 4.17.1 in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador, the requirements to issue a press release and file a report upon the occurrence of a material change, file an annual report (where applicable), file interim financial statements and audited annual financial statements; and

- 4.17.2 in all of the Jurisdictions except the provinces of British Columbia and Nova Scotia the requirements to file management's discussion and analysis (MD&A) and an annual information form (AIF).
- 4.18 Under section 13.2 of NI 51-102, the Filer is exempt from the provisions of NI 51-102 that are substantially similar to the provisions that the Filer is exempt from under the 2003 Decision.
- 4.19 MI 52-109 requires every issuer to file certain certificates at the time of filing an AIF, annual financial statements and annual MD&A. As the Filer is not required to file continuous disclosure the required certification is not useful.

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 is as follows:
 - 6.1 The NI 51-101 Relief is granted for so long as:
 - 6.1.1 the Trust files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-101 (the NI 51-101 Documents) and concurrently with the filing of the NI 51-101 Documents, the Trust files in electronic form under the *System for Electronic Documents Analysis and Retrieval* (SEDAR) profile of the Filer either:
 - 6.1.1.1 the NI 51-101 Documents, or
 - 6.1.1.2 a notice that indicates:
 - 6.1.1.2.1 that the Filer has been granted an exemption from the requirements of Part 2 (Annual Filing Requirements) and Part 3 (Responsibilities of Reporting Issuers and the Directors) of NI 51-101,
 - 6.1.1.2.2 that the Trust has filed the NI 51-101 Documents, and
 - 6.1.1.2.3 where a copy of the NI 51-101 Documents can be found for viewing on SEDAR by electronic means;
 - 6.1.2 the Filer disseminates, or causes the Trust to disseminate on the Filer's behalf, a news release announcing the filing by the Trust of the information set out in Section 6.1.1 above and indicating where a copy of the filed information can be found for viewing on SEDAR by electronic means;
 - 6.1.3 the Filer is exempt from or otherwise not subject to the disclosure and certification requirements of NI 51-102 and MI 52-109 (the Continuous Disclosure Requirements) and the Filer and the Trust are in compliance with the 2003 Decision;
 - 6.1.4 if disclosure to which NI 51-101 applies is made by the Filer separately from the Trust, the disclosure includes a statement to the effect that the Filer is relying on an exemption from requirements to file information annually under NI 51-101 separately from the Trust, and indicates where disclosure under NI 51-101 filed by the Trust (or by the Filer, if applicable) can be found for viewing on SEDAR by electronic means; and
 - 6.1.5 if the Trust files a material change report to which section 6.1 of NI 51-101 applies, the Filer files the same material change report.
 - 6.2 The NI 51-102 Relief is granted for so long as:
 - 6.2.1 the Trust is a reporting issuer in at least one of the jurisdictions listed in Appendix "B" of Multilateral Instrument 45-102 *Resale of Securities* and is an electronic filer under SEDAR;
 - 6.2.2 the Trust sends concurrently to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Trust Units under the Continuous Disclosure Requirements;

- 6.2.3 the Trust files with each Decision Maker copies of all documents required to be filed pursuant to NI 51-102 (the Trust Continuous Disclosure Documents);
 - 6.2.4 concurrently with the filing of the Trust Continuous Disclosure Documents, the Trust files in electronic format under the SEDAR profile of the Filer either,
 - 6.2.4.1 the Trust Continuous Disclosure Documents, or
 - 6.2.4.2 a notice that indicates that:
 - 6.2.4.2.1 the Filer has been granted an exemption from the Continuous Disclosure Requirements;
 - 6.2.4.2.2 the Trust has filed the Trust Continuous Disclosure Documents, and
 - 6.2.4.2.3 where a copy of the Trust Continuous Disclosure Documents can be found for viewing on SEDAR by electronic means;
 - 6.2.5 the Trust is in compliance with the requirements in the securities legislation of the Jurisdictions and of any marketplace on which the securities of the Trust are listed or quoted in respect of making public disclosure of material information on a timely basis;
 - 6.2.6 the Filer issues a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of the Filer that are not also material changes in the affairs of the Trust;
 - 6.2.7 the Trust includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement that explains the reason the mailed material relates solely to the Trust, indicates that Exchangeable Shares are the economic equivalent of the Trust Units and describes any rights associated with the Exchangeable Shares;
 - 6.2.8 the Trust remains a direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Filer; and
 - 6.2.9 the Filer does not issue any securities other than Exchangeable Shares, securities issued to the Trust or its affiliates or debt securities issued to credit unions, insurance companies or other financial institutions.
- 6.3 The AIF Relief is granted for so long as the Filer is exempt from or otherwise not subject to the NI 51-102 Requirements and the Filer and the Trust are in compliance with the 2003 Decision.
- 6.4 The MI 52-109 Relief is granted for so long as:
- 6.4.1 the Filer is not required to, and does not, file its own interim filings and annual filings (as those terms are defined under MI 52-109);
 - 6.4.2 the Trust files in electronic format under the SEDAR profile of the Filer the:
 - 6.4.2.1 interim financial statements required under section 4.3 of NI 51-102;
 - 6.4.2.2 annual financial statements required under section 4.2 of NI 51-102;
 - 6.4.2.3 certification of interim filings required under Part 3 of NI 52-109; and
 - 6.4.2.4 certification of annual filings required under Part 2 of NI 52-109of the Trust, at the same time as such documents are required to be filed on its own behalf under the Legislation; and
 - 6.4.3 the Filer is exempt from or otherwise not subject to the Continuous Disclosure Requirements and the Filer and the Trust are in compliance with the 2003 Decision.

Decisions, Orders and Rulings

"Glenda A. Campbell", Q.C.
Vice-Chair
Alberta Securities Commission

Stephen R. Murison
Vice-Chair
Alberta Securities Commission

2.1.6 Goose River Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications. Filer granted relief from the requirement to provide audited financial statements in an information circular for significant acquisitions involving oil and gas properties on the condition that acceptable alternative disclosure is available as per 41-501 CP, Part 3, subsection 3.3.

Applicable National Instrument

National Instrument 51-102, Continuous Disclosure Obligations, Part 9 and Item 14 of Form 51-102F5.

Applicable Ontario Securities Commission Rule

Ontario Securities Commission Rule 41-501, General Prospectus Requirements, Part 6.

July 12, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, ONTARIO
AND NOVA SCOTIA
(THE "JURISDICTIONS")**

AND

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

AND

**IN THE MATTER OF
GOOSE RIVER RESOURCES LTD. (THE "FILER")**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with its proposed arrangement (the "Arrangement") involving itself, its shareholders, SignalEnergy Inc. ("SignalEnergy") and G2 Resources Inc. ("G2") under the provisions of the *Business Corporations Act* (Alberta), the Filer be exempt from the requirement under the Legislation to include in the Circular (as defined below) audited financial statements for the oil and gas properties acquired and to be acquired in the Significant Acquisitions (as defined below) for the last two completed fiscal years (the "Requested Relief").

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

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.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are otherwise defined in this decision.

Representations

4. This decision is based on the following facts represented by the Filer:

4.1 SignalEnergy was amalgamated pursuant to a certificate of amalgamation dated May 1, 1996 issued under Part 1 of the *Companies Act* (Quebec) resulting from the amalgamation of "Société d'exploitation Algène Biotechnologies Inc." and "Société d'investissement R&D Algène Inc."

4.2 The office of SignalEnergy is located in Montreal, Quebec. SignalEnergy has its head operational office in Calgary, Alberta.

4.3 SignalEnergy is a reporting issuer or the equivalent in each of the Jurisdictions and the provinces of Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island and Newfoundland (collectively, the "Provinces") and is not in default of any requirement under the Legislation or under securities legislation of the Provinces.

4.4 SignalEnergy's authorized capital consists of an unlimited number of common shares ("Common Shares"), Preferred Shares and Class "A" Shares. As of June 24, 2005, 42,089,869 Common Shares, no Preferred Shares and 5,240,757 Class "A" Shares were outstanding.

4.5 The Common Shares are listed and posted for trading on the Toronto Stock Exchange.

4.6 The Filer was incorporated on May 24, 2000 and subsequently amalgamated pursuant to the provisions of *Business Corporations Act* (Alberta).

- 4.7 The head office of the Filer is in Calgary, Alberta. "Carrot Creek Properties") from ManCal Energy Inc. (the "Vendor").
- 4.8 The Filer is a reporting issuer in Alberta, British Columbia, Ontario and Nova Scotia and is not in default of any requirements under the applicable legislation. 4.17 The acquisition of certain of the Carrot Creek Properties from the Vendor by SignalEnergy constitutes a "significant acquisition" under the Legislation (the "Signal Significant Acquisition").
- 4.9 The common shares of the Filer (the Filer Shares) are listed and posted for trading on the TSX Venture Exchange. 4.18 SignalEnergy has not accounted for the Signal Significant Acquisition as a reverse take-over and the Carrot Creek Properties did not constitute a "reportable segment" of the Vendor, as defined in section 1701 of the Handbook, at the time of the Significant Acquisition.
- 4.10 G2, a corporation incorporated under the *Business Corporations Act* (Alberta), is not a reporting issuer in any jurisdiction.
- 4.11 The head office of G2 is located in Calgary, Alberta. 4.19 Pursuant to the Agreement, G2 will acquire certain oil and gas properties in the Sylvan Lake and Kirkpatrick areas of Alberta from each of SignalEnergy and the Filer.
- 4.12 The common shares of G2 are not listed or posted for trading on any exchange.
- 4.13 Upon completion of the Arrangement, G2 will become a reporting issuer in Alberta, British Columbia, Ontario and Nova Scotia. G2 has received conditional approval to have its common shares listed on the TSX Venture Exchange. 4.20 The acquisition of certain oil and gas properties in the Sylvan Lake and Kirkpatrick areas of Alberta by G2 constitutes a "significant acquisition" under the Rules (the "G2 Significant Acquisition"). Together, the G2 Significant Acquisition and the Signal Significant Acquisition are referred to as the "Significant Acquisitions".
- 4.14 SignalEnergy, the Filer and G2 entered into an arrangement agreement dated as of May 13, 2005 (the "Agreement"). The Agreement provides, among other things, that each share of the Filer may be exchanged by the Filer's shareholders, at their election, for: (1) 0.83 SignalEnergy shares, (2) \$1.00 in cash, or (3) 0.60 SignalEnergy shares and \$0.28 in cash, provided that the maximum aggregate amount of cash available shall be limited to \$10.0 million and the maximum aggregate SignalEnergy shares issued shall be limited to 21.25 million shares and that certain oil and gas properties held by each of SignalEnergy and the Filer will be acquired by G2 in consideration for the issuance of 0.05 of a G2 share to the Filer's shareholders and of approximately 0.0419 of G2 share to SignalEnergy shareholders. 4.21 The Filer has prepared an information circular (the "Circular") in connection with the Plan of Arrangement and as a result of the Significant Acquisitions, the Legislation requires, among other things, that the Filer include in the Circular audited financial statements for the oil and gas properties acquired in respect of the Significant Acquisitions for the last two completed fiscal years (the "Property Financial Statements"). It is not possible, as a result of limited availability of, and access to, financial information for the oil and gas properties, for the Filer to provide Property Financial Statements.
- 4.15 The series of transactions contemplated in the Agreement will be executed pursuant to a plan of arrangement (Plan of Arrangement) under Part 15 of the *Business Corporations Act* (Alberta). 4.22 The Filer will not include the Property Financial Statements in the Circular, but will be including audited operating statements for the oil and gas properties for the last three completed fiscal years in respect of the Signal Significant Acquisition, and the last two completed fiscal years in respect of the G2 Significant Acquisition which present, in relation to the oil and gas properties, among other things, gross revenue, royalty expenses, production costs and operating income (the "Audited Operating Statements"). The Filer will also include
- 4.16 Effective January 12, 2004, SignalEnergy completed the acquisition of certain oil and gas properties in the greater Carrot Creek area of west central Alberta (the

production estimates for 2005 and production history for 2004 in respect of SignalEnergy and production estimates for 2005 and production history for each of the years ended December 31, 2004, 2003 and 2002 in respect of the oil and gas properties to be acquired by G2 (collectively, the "Production Statements").

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 is that the Requested Relief is granted provided that the Circular includes the Audited Operating Statements and the Production Statements.

"Agnes Lau"
Deputy Director, Capital Markets
Alberta Securities Commission

2.1.7 Harvest Energy Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Open-end investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unitholders under a distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust, subject to certain conditions – first trade relief provided for additional units of trust, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53 and 74(1).

Applicable Multilateral Instruments

Multilateral Instrument 45-102 Resale of Securities, (2001) OSCB 7029.

Applicable National Instruments

National Instrument 14-101 Definitions, (2002) 25 OSCB 8461.

August 26, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, MANITOBA, ONTARIO, QUÉBEC,
NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR,
NORTHWEST TERRITORIES, YUKON TERRITORY
AND NUNAVUT
(THE JURISDICTIONS)**

AND

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

AND

**IN THE MATTER OF
HARVEST ENERGY TRUST
(THE FILER)**

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the distribution of trust units of the Filer (Units) pursuant to the provisions of a Premium Distribution™, Distribution Reinvestment and Optional Unit Purchase Plan as described below (the Plan) be exempt from the dealer

registration requirement and the prospectus requirement of the Legislation (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

- 1. The Filer is an open-ended, unincorporated investment trust established under the laws of the Province of Alberta and governed by an amended and restated trust indenture dated January 1, 2004 between Valiant Trust Company, as trustee, and Harvest Operations Corp. (the Corporation). The head office of the Filer is located at Suite 2100, 330 – 5th Avenue S.W., Calgary, Alberta T2P 0L4.
- 2. The Corporation is responsible for the management and general administration of the affairs of the Filer, including without limitation the timing and terms of future offerings of Units, pursuant to the Trust Indenture and an administration agreement dated September 27, 2002.
- 3. The Filer is a reporting issuer or the equivalent under the Legislation in each of the Jurisdictions and, to the best of its knowledge, is not in default of any requirements of the Legislation.
- 4. The Filer is not a "mutual fund" as defined in the Legislation of the relevant Jurisdictions because the holders of Units (Unitholders) are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Filer.

Trust Units

- 5. The Filer is authorized to issue an unlimited number of Units, each of which represents an equal fractional undivided beneficial interest in the Filer. All Units share equally in all distributions from the Filer and carry equal voting rights at meetings of Unitholders.

- 6. The Units are listed and posted for trading on the Toronto Stock Exchange.
- 7. The Filer makes and expects to continue to make monthly distributions of its distributable income (if any) to its Unitholders on a pro rata basis. The distributable income of the Filer is a function of the amounts received by the Filer under certain royalties, other income and certain expenses.

Premium Distribution™, Distribution Reinvestment, and Optional Unit Purchase Plan

- 8. The Filer currently has in place a distribution reinvestment plan (the DRIP) and an optional unit purchase plan (the OTUPP). The DRIP enables eligible Unitholders to direct that the cash distributions paid or payable by the Filer in respect of their Units (Cash Distributions) be reinvested in additional Units from treasury at a price equal to 95% of the weighted average trading price of the Units (determined in accordance with DRIP). The OTUPP enables Unitholders who are enrolled in the DRIP to make optional cash payments to purchase additional Units directly from the Filer, at a price equal to 100% of the weighted average trading price of the Units (determined in accordance with OTUPP), without incurring commissions, service charges or brokerage fees.
- 9. In connection with the implementation of the DRIP and the OTUPP, the Filer obtained exemptive relief from the Registration and Prospectus Requirements in each of the Jurisdictions.
- 10. The board of directors of the Corporation has approved the implementation of the Plan, subject to receipt of necessary regulatory approvals. The Plan will retain (with some modifications) the features of the DRIP and the OTUPP, but will also offer eligible Unitholders the opportunity to participate, at their option, in the Premium Distribution™ Component (as defined below).
- 11. The Plan will enable eligible Unitholders who elect to participate in the Plan (Participants) to direct that their Cash Distributions be reinvested in additional Units (Additional Units), which will be held for their account under the Plan (the Distribution Reinvestment Component) or, if so directed by the Participant, used to settle the pre-sales described below in exchange for a cash payment equal to 102% of the reinvested Cash Distributions (the Premium Distribution™ Component). Participants will be able to elect as between the Distribution Reinvestment Component and the Premium Distribution™ Component.
- 12. The Plan will supercede the DRIP and the OTUPP, and each Unitholder who is enrolled in the DRIP at the time that the Plan becomes

- effective will, subject to any contrary election made by the Unitholder, be automatically enrolled in the Distribution Reinvestment Component of the Plan.
13. Additional Units issued under the Distribution Reinvestment Component or Premium Distribution™ Component will be purchased directly from the Filer by the trust company or other qualified person or company that is appointed as agent under the Plan (the Plan Agent), for the account of Participants, on the relevant distribution payment date, at a price equal to 95% of the Average Market Price (as defined in the Plan). Additional Units so purchased and held under the Plan will be registered in the name of the Plan Agent (or its nominee) and credited to appropriate Participants' accounts.
 14. The Plan will also enable Participants, at their option, to make optional cash payments to purchase Additional Units, via the Plan Agent, directly from the Filer on the applicable distribution payment date, otherwise than through the reinvestment of Cash Distributions, at a price equal to the Average Market Price (as defined in the Plan), subject to any minimum or maximum thresholds specified in the Plan (the Optional Unit Purchase Component).
 15. Under the Premium Distribution™ Component, the Plan Agent will: (i) pre-sell through a qualified investment dealer (the Plan Broker), for the account of Participants enrolled in the Premium Distribution™ Component, a number of Units approximately equal to the number of Additional Units to be purchased on the applicable distribution payment date with the reinvested Cash Distributions of such Participants; and (ii) settle such pre-sales by delivering the Additional Units so purchased to the Plan Broker in exchange for a cash payment equal to 102% of the reinvested Cash Distributions.
 16. The Plan Broker will be entitled to retain for its own account the difference between the proceeds realized in connection with the pre-sales of Units and the cash payment to the Plan Agent in an amount equal to 102% of the reinvested Cash Distributions. The Plan Broker's *prima facie* return for its services under the Premium Distribution™ Component will be approximately 3% of the reinvested Cash Distributions (based on pre-sales of Units having a market value of approximately 105% of the reinvested Cash Distributions and a fixed cash payment to the Plan Agent, for the account of applicable Participants, of an amount equal to 102% of the reinvested Cash Distributions). The Plan Broker may, however, realize more or less than this *prima facie* amount, as the actual return will vary according to the prices the Plan Broker is able to realize on the pre-sales of Units. The Plan Broker bears the entire price risk of pre-sales in the market, as Participants enrolled in the Premium Distribution™ Component will be entitled to receive a cash payment equal to 102% of the reinvested Cash Distributions.
 17. All activities of the Plan Broker on behalf of the Plan Agent that relate to pre-sales of Units for the account of Participants enrolled in the Premium Distribution™ Component will be in compliance with applicable Legislation and the rules and policies of the Toronto Stock Exchange (subject to any exemptive relief granted). The Plan Broker will also be a member of the Investment Dealers Association of Canada and will be registered under the Legislation of any Jurisdiction where the first trade in Additional Units pursuant to the Premium Distribution™ Component makes such registration necessary.
 18. From and after the effective time of a Unitholder's enrolment under the Plan, and until the Unitholder's participation in the Plan is terminated, all Cash Distributions on Units registered in the name of the Unitholder (including any Units that may become registered in the name of that Unitholder after the initial time of enrolment), or held for the Unitholder's account under the Plan, will be automatically reinvested in Additional Units in accordance with the terms of the Plan, and such Additional Units will either be held under the Plan or delivered to the Plan Broker according to the Unitholder's current election as between the Distribution Reinvestment Component and the Premium Distribution™ Component.
 19. Participants will be free to terminate their participation in the Plan, or to change their election as between the Distribution Reinvestment Component and the Premium Distribution™ Component, by providing written notice to the Plan Agent in accordance with the terms of the Plan. A notice of change or termination received after the time specified in the Plan preceding a distribution record date will not be effective until after the distribution payment date to which that record date relates.
 20. On termination of the Plan or a Participant's participation in the Plan, the Participant(s) will receive a certificate for all whole Units held for their account under the Plan, a cash payment for any fractional entitlement credited to their account, and the return of any uninvested cash payments made under the Optional Unit Purchase Component.
 21. No commissions, brokerage fees or service charges will be payable by Participants in connection with the purchase of Additional Units from the Filer under the Plan, and the Filer will be

- responsible for any charges of the Plan Agent for administering the Plan.
22. The Filer reserves the right to determine, for any distribution payment date, the number of Additional Units (if any) that will be available for purchase under the Plan. The Filer also reserves the right to suspend the availability of the Optional Unit Purchase Component from time to time.
23. If, in respect of any distribution payment date, fulfilling the elections of all Participants would result in the Filer exceeding the limit on Additional Units set by the Filer, then elections for the purchase of Additional Units on that distribution payment date will be accepted: (i) first, from Participants electing to reinvest Cash Distributions under the Distribution Reinvestment Component; (ii) second, from Participants electing to reinvest Cash Distributions under the Premium Distribution™ Component; and (iii) third, from Participants electing to purchase Additional Units under the Optional Unit Purchase Component (if available). If the Filer is not able to accept all elections within a particular component of the Plan, either because of the limit on Additional Units set by the Filer or the aggregate annual limit on Additional Units issuable under the Optional Unit Purchase Component, then purchases of Additional Units on the applicable distribution payment date will be pro rated among all Participants in that component according to the number of Additional Units that would, in the absence of any pro ration, have been purchased on behalf of each such Participant under the Plan.
24. If the Filer determines that no Additional Units will be available for purchase under the Plan for a particular distribution payment date, or to the extent that the availability of Additional Units is pro rated in accordance with the terms of the Plan, then Participants will receive whatever portion of their Cash Distributions is not reinvested under the Plan.
25. The Filer reserves the right to restrict participation in the Plan by any Unitholder that is resident in a foreign jurisdiction or to whom a trade of Additional Units under the Plan would be subject to the laws of a foreign jurisdiction. Residents of any jurisdiction with respect to which the issue of Additional Units under the Plan would not be lawful will not be allowed to participate in the Plan.
26. The Filer reserves the right to amend, suspend or terminate the Plan at any time, provided that such action shall not have a retroactive effect that would prejudice the interests of the Participants. The Filer will provide notice of any such amendment, suspension or termination in accordance with the terms of the Plan and applicable securities laws.
27. The distribution of Additional Units by the Filer under the Plan cannot be made in reliance on existing exemptions from the dealer registration requirement and the prospectus requirement contained in the Legislation of certain of the Jurisdictions for the reinvestment of dividends, interest or distributions of capital gains or out of earnings or surplus, as the Plan involves the reinvestment of cash distributions of the Filer that may not fall into any of these categories.
28. Additionally, the distribution of Additional Units by the Filer under the Plan cannot be made in reliance on existing exemptions from the dealer registration requirement and the prospectus requirement contained in the Legislation of certain of the Jurisdictions for distribution reinvestment plans of mutual funds, as the Filer is not a "mutual fund" as defined in the Legislation of the relevant Jurisdictions.

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

- (a) at the time of the trade the Filer is a reporting issuer or the equivalent in at least one of the Jurisdictions and is not in default of any requirements of the Legislation;
- (b) no sales charge is payable by Participants in respect of the trade;
- (c) the Filer has caused to be sent to each Participant, not more than 12 months before the trade, notice of their right to withdraw from the Plan and instructions on how to exercise that right;
- (d) the aggregate number of Additional Units issued under the Optional Unit Purchase Component of the Plan in any financial year of the Filer shall not exceed 2% of the aggregate number of Units outstanding at the start of that financial year;
- (e) except in Québec, the first trade of Additional Units distributed under the Plan will be a distribution or primary distribution to the public under the Legislation unless the conditions in subsection 2.6(3) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied; and

- (f) in Québec, the first trade of Additional Units distributed under the Plan will be a distribution unless:
- (i) the Filer is and has been a reporting issuer in Québec for the four months immediately preceding the trade;
 - (ii) no unusual effort is made to prepare the market or to create a demand for the Additional Units that are the subject of the trade;
 - (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
 - (iv) if the selling securityholder of the Additional Units is an insider of the Filer, the selling securityholder has no reasonable grounds to believe that the Filer is in default of any requirement of the Legislation of Québec.
- (g) this decision will expire in a Jurisdiction on the date which is sixty (60) days from the date National Instrument 45-106 *Prospectus and Registration Exemptions* comes into force in that Jurisdiction.

“Theresa McLeod”
Commissioner
Ontario Securities Commission

“Harold P. Hands”
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 MedMira Inc. - s. 83.1(1)

Headnote

Subsection 83.1(1) – issuer deemed to be a reporting issuer in Ontario – issuer already a reporting issuer in British Columbia, Alberta and Nova Scotia– issuer’s securities listed for trading on the TSX Venture Exchange – continuous disclosure requirements in British Columbia, Alberta and Nova Scotia substantially the same as those in Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.1(1).

September 6, 2005

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE “ACT”)**

AND

**IN THE MATTER OF
MEDMIRA INC.**

**ORDER
(Subsection 83.1(1))**

UPON the application of MedMira Inc. (“MedMira”) for an order pursuant to subsection 83.1(1) of the Act deeming MedMira to be a reporting issuer for the purposes of Ontario securities law;

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the “Commission”);

AND UPON MedMira representing to the Commission as follows:

1. MedMira is a corporation incorporated under the *Alberta Business Corporations Act*.
2. MedMira has been a reporting issuer under the *Securities Act* (British Columbia) (the “BC Act”) since October 27, 1999, the *Securities Act* (Alberta) (the “Alberta Act”) since December 1, 1999 and the *Securities Act* (Nova Scotia) (the “Nova Scotia Act”) since February 23, 2000. It is not a reporting issuer or public company under the securities legislation of any other jurisdiction in Canada.
3. MedMira’s registered office is currently in Calgary, Alberta and its principal office is in Halifax, Nova Scotia. MedMira’s minute books and related corporate records are maintained in Halifax, Nova Scotia.

4. The authorized share capital of MedMira consists of an unlimited number of common shares and an unlimited number of Series A Preferred shares of which 43,367,887 common shares and 5,000,000 Series A Preferred shares were issued and outstanding as at August 16, 2005.
5. MedMira's common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "MIR" and MedMira is in compliance with the rules, regulations and policies of the Exchange.
6. MedMira is not designated as a capital pool company by the Exchange.
7. MedMira has a significant connection to the Province of Ontario in that more than 20% of MedMira's outstanding common shares are held by beneficial owners who are residents of Ontario.
8. MedMira is not in default under any of the requirements of the BC Act, the Alberta Act or the Nova Scotia Act.
9. The continuous disclosure requirements of the BC Act, the Alberta Act and the Nova Scotia Act are substantially the same as the requirements under the Act.
10. The continuous disclosure materials filed by MedMira under the BC Act, the Alberta Act and the Nova Scotia Act are available on the System for Electronic Document Analysis Retrieval (SEDAR).
11. Neither MedMira nor any of its officers or directors, nor to the knowledge of MedMira, its officers and directors, any of its controlling shareholders, has (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.
12. Neither MedMira nor any of its officers, directors nor, to the knowledge of MedMira, its officers and directors, any of its controlling shareholders, is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.
13. None of the officers or directors of MedMira, nor to the knowledge of MedMira, its officers and directors, any of its controlling shareholders, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings arrangements or compromises with creditors or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.
14. MedMira shall remit all participation fees due and payable by it pursuant to Ontario Securities Commission Rule 13-502 *Fees* by no later than two (2) business days from the date hereof.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that MedMira is deemed to be a reporting issuer for the purposes of Ontario securities law.

"John Hughs"
Manager, Corporate Finance
Ontario Securities Commission

2.2.2 Crystallex International Corporation and Azimuth Opportunity, Ltd. - ss. 74(1) and 147

Headnote

Application by a TSX-listed issuer and offshore purchaser for exemptive relief in relation to a proposed distribution of securities by the issuer by way of an "equity draw down facility" (also known as an "equity line of credit") – an equity line of credit is an agreement with a public company under which a purchaser makes a commitment at signing to purchase a specified dollar amount of securities on terms that enable the company to determine the timing and dollar amount of securities the purchaser will receive – the company has the right, but not the obligation, to sell the securities which are the subject of the equity line to the purchaser, up to a specified maximum dollar amount, in a series of draw downs over a specified period of time (in general, 12 to 24 months) – purchaser purchases at a predetermined percentage discount (the "discount to market") from the volume weighted average price of the company's securities over a period of trading days – as a result of the discount to market and the delayed nature of the purchase, the purchaser has strong economic incentive simultaneously to resell (or sell short, or otherwise hedge) the securities which are the subject of a draw down to convert the discount to cash and to reduce as much as possible investment risk – purchaser may be considered to be acting as an "underwriter" – a draw down under an equity line of credit may be considered to be an indirect distribution of securities by the company to purchasers in the secondary market through the equity line purchaser acting as underwriter – relief granted to the issuer and purchaser from certain registration, prospectus and prospectus form requirements, subject to terms and conditions, including a 10% restriction on the number of securities that may be distributed under an equity line in any 12-month period; a requirement that the prospectus include certain disclosure identifying the purchaser as an underwriter and describing the rights of TSX purchasers who purchase from the equity line purchaser; a requirement that the issuer issue a press release at the time the agreement is entered into and at the time a draw down notice is issued; certain restrictions on the permitted activities of the purchaser; and certain notification and disclosure requirements.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1) (definition of "distribution" and "underwriter"), 25(1)(a), 59(1), 71(1), 74(1) and 147.

Applicable Ontario Rules

OSC Rule 45-501 Exempt Distributions s. 1(1) "accredited investor".
National Instrument 41-101 Prospectus Disclosure Requirements, s. 5.1.
National Instrument 44-101 Short Form Prospectus Distributions, s. 15.1.
National Instrument 44-102 Shelf Distributions, s. 11.1.

September 6, 2005

**IN THE MATTER OF
THE SECURITIES ACT,
(R.S.O. 1990, c. S.5, as amended) (the "Act")**

AND

**IN THE MATTER OF
CRYSTALLEX INTERNATIONAL CORPORATION**

AND

**IN THE MATTER OF
AZIMUTH OPPORTUNITY, LTD.**

**RULING AND ORDER
(Subsection 74(1) and Section 147 of the Act)**

**DECISION
(Section 5.1 of National Instrument 41-101,
Section 15.1 of National Instrument 44-101 and
Section 11.1 of National Instrument 44-102)**

UPON the application (the "Issuer Application") of Crystallex International Corporation (the "Issuer") for

- (a) an order pursuant to section 147 of the Act that the requirement in subsection 59(1) of the Act that, in the case of a distribution by prospectus involving an underwriter, the prospectus contain a certificate in prescribed form signed by the underwriter or underwriters who, with respect to the securities offered by the prospectus, are in a contractual relationship with the issuer whose securities are being offered by the prospectus (the “**Underwriter Certificate Requirement**”) does not apply to the Issuer in connection with the Distribution or Distributions (as defined below) by the Issuer of common shares (the “**Shares**”) of the Issuer qualified by prospectus and made through Azimuth Opportunity, Ltd. (the “**Purchaser**”), as underwriter, pursuant to an equity draw down facility; and
- (b) an order that this ruling, order and decision and the Issuer Application and Purchaser Application (as defined below) made in respect thereto (collectively, the “**Confidential Materials**”) be held in confidence by the Commission until the occurrence of the earliest of the following:
- (i) the date on which a supplement to a base shelf prospectus is filed by the Issuer in respect of an equity draw down facility proposed to be entered into between the Issuer and the Purchaser;
 - (ii) the date the Issuer advises the Commission that there is no longer any need to hold the Confidential Materials in confidence; and
 - (iii) 90 days from the date of this ruling, order and decision;
- (c) a decision pursuant to section 5.1 of National Instrument 41-101 (“**NI 41-101**”), section 15.1 of National Instrument 44-101 (“**NI 44-101**”) and section 11.1 of National Instrument 44-102 (“**NI 44-102**”) that the requirements to include the following information in a prospectus (collectively, the “**Prospectus Form Requirements**”) do not apply to the Issuer in connection with the Distribution:
- (i) disclosure required by items 3.1 and 4.1 of NI 41-101;
 - (ii) the statement respecting statutory rights of withdrawal and rescission or damages in the form prescribed in item 4.1 of NI 41-101 and item 19 of Form 44-101F3 of NI 44-101 (“**Form 44-101F3**”), provided the following is substituted therefor:

Securities legislation in the Province of Ontario provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, TSX Purchasers of Shares will not have any right to withdraw from an agreement to purchase the Shares because the Prospectus relating to Shares purchased by a TSX Purchaser is not being delivered as permitted under an order of the Ontario Securities Commission dated September 1, 2005, and they also will not have remedies of rescission or damages for non-delivery of the Prospectus.

Securities legislation in the Province of Ontario also provides purchasers with remedies for rescission or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under Ontario securities legislation that a TSX Purchaser of Shares may have against the Issuer for rescission or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery of the Prospectus.

Purchasers should refer to the applicable provisions of the securities legislation and the order of the Ontario Securities Commission referred to above for the particulars of their rights or consult with a legal adviser.;
 - (iii) the disclosure required by items 1.4, 1.8 and 6.1 of Form 44-101F3;
 - (iv) a certificate signed by the underwriter, if any, with respect to the securities being distributed as required by item 21.2 of Form 44-101F3, as well as item 21.4 of Form 44-101F3 to the extent that it refers to item 21.2; and
 - (v) in respect of NI 44-102:

- (A) the second sentence of the disclosure required by section 5.5.2;
 - (B) the statement in section 5.5.3;
 - (C) the underwriter's certificate as required by section 5.5.8; and
 - (D) an underwriter's certificate as required by section 6.3.3(b).
- (d) a decision pursuant to section 11.1 of NI 44-102 that the requirement to deliver the shelf prospectus, as supplemented and amended, as set out in section 6.7 of NI 44-102 does not apply to the Issuer in connection with the Distribution.

AND UPON the application (the "**Purchaser Application**") of the Purchaser for:

- (i) a ruling pursuant to subsection 74(1) of the Act that the requirement in paragraph 25(1)(a) of the Act that prohibits a person or company from trading in a security or acting as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer (the "**Registration Requirement**") does not apply to the Purchaser or the directors, officers or employees of the Purchaser in connection with the Distribution; and
- (ii) an order pursuant to section 147 of the Act that the requirement in subsection 71(1) of the Act that a dealer not acting as agent of the purchaser who receives an order or subscription for a security offered in a distribution to which subsection 53(1) or section 62 of the Act is applicable deliver to the purchaser or its agent the latest prospectus and any amendment to the prospectus either before entering into an agreement of purchase and sale or not later than midnight on the second business day after entering into such agreement (the "**Prospectus Delivery Requirement**") does not apply to the Purchaser or to dealers through whom the Purchaser distributes the Shares and consequently no rights of withdrawal arise under subsection 71(2) of the Act;

AND UPON considering the Issuer Application and the Purchaser Application and the recommendations of staff of the Commission;

AND UPON the Purchaser having represented to the Commission the following:

1. The Purchaser is a corporation incorporated under the laws of the Territory of the British Virgin Islands.
2. The Purchaser has been established to purchase and sell, as principal, securities of public companies, including, without limitation, the purchase of equity securities pursuant to equity draw down facilities, as described below.
3. Acqua Wellington Asset Management Ltd. ("**Acqua Wellington**"), also an international business company incorporated in the Bahamas, is the investment adviser to the Purchaser.
4. Innerkip Capital Management Inc. is a corporation incorporated under the laws of Ontario and registered with the Commission as an investment counsel portfolio manager and limited market dealer.
5. Neither the Purchaser nor Acqua Wellington nor any entity affiliated with either of them is a registrant under the securities legislation of any province or territory of Canada or under U.S. securities legislation.
6. The Purchaser is proposing to enter into an equity draw down facility (the "**Agreement**") with the Issuer, under which the Purchaser would agree to purchase up to C\$60 million of Shares over a defined period not to exceed two years in a series of draw downs.
7. The Agreement will provide that during the term of the Agreement neither the Purchaser nor any of its subsidiaries nor any entity managed by the Purchaser will sell common shares of the Issuer other than those common shares (i) that the Purchaser has accumulated to purchase under the terms of the Agreement, or (ii) held in any accounts directly or indirectly managed by the Purchaser or any subsidiary of the Purchaser or any entity managed by the Purchaser.
8. An equity draw down facility (also known as an equity line of credit), is an agreement with a public company under which a purchaser makes a commitment at signing to purchase a specified dollar amount of common shares on terms that enable the company to determine the timing and dollar amount of securities the purchaser will receive. Specifically, the company has the right, but not the obligation, to sell the securities which are the subject of the equity facility to the purchaser, up to a specified maximum dollar amount, in a series of draw downs over a specified period of time (in general, 12 to 24 months).

Decisions, Orders and Rulings

9. The company has the sole ability to determine how many securities to sell within specific minimum and maximum dollar amounts for each draw down, subject to the aggregate maximum dollar amount for the entire equity facility. The number of shares the purchaser must purchase is determined by the dollar amount specified by the company in its draw down notice.
10. When the company gives the purchaser notice that the company intends to make a draw down under the equity facility, the purchaser is obligated to purchase the dollar amount of securities from the company at a predetermined percentage discount from the daily volume weighted average price of the company's securities over a period of trading days.
11. After receipt of a draw down notice, the purchaser may seek to sell the securities purchased under the draw down, or engage in hedging strategies, in order to reduce the economic risk associated with the purchase of the securities that it has agreed to purchase under the draw down.
12. The purchaser may be considered to be acting as an "underwriter" as defined in subsection 1(1) of the Act, and a draw down under an equity draw down facility may be considered to be an indirect distribution of securities by the company to purchasers of the securities directly from the purchaser through the Toronto Stock Exchange (the "TSX") with the purchaser acting as the underwriter of the distribution.
13. An issuer distributing securities by prospectus through an underwriter is subject to the Underwriter Certificate Requirement.
14. A person or company acting as an underwriter is subject to the Registration Requirement.
15. A dealer not acting as agent of the purchaser who sells securities offered in a distribution to which the prospectus requirement applies is subject to the Prospectus Delivery Requirement.
16. The Purchaser is seeking an exemption from the Prospectus Delivery Requirement on behalf of itself and dealers through whom it sells the Shares because the purchasers of the Shares from the Purchaser through the TSX will not be readily identifiable as the dealer acting on behalf of the Purchaser may combine the sell orders made under the prospectus with other sell orders and the dealer acting on behalf of a purchaser from the Purchaser may combine a number of purchase orders.
17. The Purchaser will effect all sales of Shares during the Distribution Period, as defined below, through the TSX.

AND UPON the Issuer having represented to the Commission and the Director the following:

1. The Issuer is a corporation existing under the laws of Canada and a reporting issuer under the securities legislation of the provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland.
2. The Issuer and its subsidiaries explore for, mine and produce gold, with a primary focus on Venezuela. The Issuer's registered and head office is located in Toronto, Ontario.
3. The Issuer is authorized to issue an unlimited number of common shares, an unlimited number of Class A Preference shares and an unlimited number of Class B Preference shares, of which 194,066,689 common shares were issued and outstanding as at August 22, 2005.
4. The common shares of the Issuer are listed and posted for trading on the TSX and AMEX.
5. As at August 22, 2005, the aggregate market value of the outstanding common shares calculated in accordance with section 2.9 of NI 44-101 was \$642,360,741.
6. The Issuer is eligible to file a short form prospectus under NI 44-101.
7. The Issuer has filed a base shelf prospectus (the "**Base Shelf Prospectus**") and intends to file with the Commission under NI 44-102:
 - (a) in connection with the Agreement, as defined below, a prospectus supplement (the "**Distribution Supplement**") relating to the Distribution of the Shares to the Purchaser and to purchasers ("**TSX Purchasers**") who purchase Shares directly from the Purchaser during the Distribution Period through the TSX; and

- (b) a prospectus supplement (the “**Pricing Supplement**”) within two business days after the end of the pricing period with respect to each draw down disclosing the number of Shares sold pursuant to that draw down to the Purchaser and the price per Share.
8. The Issuer will amend the Base Shelf Prospectus as supplemented by the Distribution Supplement and the Pricing Supplement qualifying the Distribution described in 9 below, if required by Ontario securities legislation, so that the Prospectus is current up to and including the date of settlement (the “**Settlement Date**”) of the Shares sold to the Purchaser pursuant to the draw down disclosed in the Pricing Supplement filed the business day before the Settlement Date. The “**Prospectus**” means the Base Shelf Prospectus, Distribution Supplement and such Pricing Supplement, as so amended.
9. The Prospectus will qualify the distribution of
- (a) the Shares to the Purchaser on the settlement of the draw down disclosed in the Pricing Supplement; and
 - (b) the Shares in (a) above to TSX Purchasers during the period (the “**Distribution Period**”) that commences on the Settlement Date and ends on the date that is the 40th day after the Settlement Date
- (together, the “**Distribution**”).
10. For the purposes of section 130 of the Act, a TSX Purchaser during the Distribution Period constitutes a purchaser who purchases Shares pursuant to the Prospectus.

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

THE ORDER of the Commission pursuant to section 147 of the Act is that the Underwriter Certificate Requirement does not apply to the Issuer in connection with the Distribution so long as:

- 1. the number of common shares (“**maximum number of common shares**”) distributed by the Issuer under one or more equity lines of credit, including the Agreement, in each of
 - (a) the 12 month period commencing on the date of the Agreement; and
 - (b) the 12 month period commencing on the first anniversary of the date of the Agreementdoes not exceed 10 per cent of the aggregate number of outstanding common shares on
 - (a) a date within 60 days before the date of the Agreement in the case of the period in (a) above; and
 - (b) a date within 60 days before the first anniversary of the date of the Agreement in the case of the period in (b) above;
- 2. the Issuer issues a press release immediately
 - (a) upon entering into the Agreement, disclosing the terms of the Agreement including the
 - (i) aggregate maximum issue price of the Shares that may be distributed under the Agreement,
 - (ii) maximum number of common shares, and
 - (iii) minimum threshold price per Share (the “**minimum threshold price**”), being the lowest price not taking into account the draw down discounted percentage, at which the Issuer may sell Shares to the Purchaser under the Agreement, which price may be adjusted by the Issuer and the Purchaser pursuant to the terms of the Agreement; and
 - (b) upon the adjustment, if any, of the minimum threshold price, disclosing the revised minimum threshold price;
- 3. the Issuer files the Distribution Supplement relating to the Distribution of the Shares to the Purchaser and to TSX Purchasers;
- 4. the Distribution Supplement discloses the terms of the Agreement and states in effect that

In addition to the distribution of the Shares to the Purchaser, the prospectus qualifies the distribution of the Shares to purchasers who purchase Shares directly from the Purchaser during the Distribution Period through the TSX. The Purchaser may be considered to be an “underwriter” within the meaning of securities legislation in Ontario, but pursuant to an order granted by the Commission, we are exempt from the requirement to include a certificate of the Purchaser in this prospectus.

The Purchaser has informed us that it intends to use dealers registered under the *Securities Act* (Ontario) to distribute the Shares through the TSX. Such sales will be made at prices and on terms then prevailing or at prices related to the then current market price.;

5. the Issuer files a Pricing Supplement within two business days after the end of the pricing period with respect to each draw down disclosing the number of Shares sold pursuant to that draw down to the Purchaser and the price per Share;
6. the Prospectus qualifies the Distribution of
 - (a) the Shares to the Purchaser on the settlement of the draw down disclosed in the Pricing Supplement filed the business day before such settlement; and
 - (b) the Shares in (a) above to TSX Purchasers during the Distribution Period;
7. the Issuer provides a copy of each draw down notice under the Agreement to the TSX, and, if requested to do so, the Commission, prior to or immediately upon its issuance;
8. immediately upon issuance of the draw down notice, the Issuer issues a press release disclosing that a draw down notice has been delivered and stating that a Pricing Supplement will be filed within two business days after the end of the pricing period and will be available on SEDAR;
9. the commencement date of the draw down pricing period is no later than five trading days after the issuance of the draw down notice; and
10. immediately following the closing of a draw down, the Issuer forthwith issues a press release in Canada (i) announcing the settlement of a draw down under the Agreement; (ii) stating that pursuant to an order granted by the Commission the Prospectus is not required to be delivered and confirming availability of the Prospectus on SEDAR; (iii) stating that the purchasers of Shares under the Prospectus have the statutory rights of rescission or damages described in the Distribution Supplement; and (iv) stating that the Distribution Period ends no later than the date that is the 40th day after the settlement of the draw down disclosed in the Prospectus, as supplemented by the Pricing Supplement relating to the draw down.

THE RULING of the Commission pursuant to subsection 74(1) of the Act is that the Registration Requirement does not apply to the Purchaser or the directors, officers or employees of the Purchaser in connection with the Distribution so long as:

1. the Purchaser does not solicit offers to purchase the Shares and effects all Distributions of Shares during the Distribution Period through the TSX using a dealer unaffiliated with the Purchaser or the Issuer;
2. no extraordinary commission or consideration is paid by the Purchaser to a person or company in respect of the Distribution of the Shares; and
3. the Purchaser makes available to the Commission, upon request, full particulars of trading and hedging activities by the Purchaser (and, if relevant, trading and hedging activities by affiliates of the Purchaser) in relation to securities of the Issuer during the term of the Agreement.

THE ORDER of the Commission pursuant to section 147 of the Act is that the Prospectus Delivery Requirement does not apply to the Purchaser or to dealers through whom the Purchaser distributes the Shares, and consequently no rights of withdrawal arise under subsection 71(2) of the Act, so long as the immediately preceding conditions 1 through 3 are met.

THE ORDER of the Commission is that the Confidential Materials will be held in confidence by the Commission until the occurrence of the earliest of the following:

1. the date on which the Distribution Supplement is filed by the Issuer;
2. the date the Issuer advises the Commission that there is no longer any need to hold the Confidential Materials in confidence; and

3. 90 days from the date of this ruling, order and decision.

"Paul M. Moore"
Commissioner
Ontario Securities Commission

"David L. Knight"
Commissioner
Ontario Securities Commission

THE DECISION of the Director pursuant to section 5.1 of NI 41-101, section 15.1 of NI 44-101 and section 11.1 of NI 44-102 that the Prospectus Form Requirements do not apply to the Issuer in connection with the Distribution so long as the Issuer includes the following statement in the Distribution Supplement:

Securities legislation in the Province of Ontario provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, TSX Purchasers of Shares will not have any right to withdraw from an agreement to purchase the Shares because the Prospectus relating to Shares purchased by a TSX Purchaser is not being delivered as permitted under an order of the Ontario Securities Commission dated September 1, 2005, and they also will not have remedies of rescission or damages for non-delivery of the Prospectus.

Securities legislation in the Province of Ontario also provides purchasers with remedies for rescission or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under Ontario securities legislation that a TSX Purchaser of Shares may have against the Issuer for rescission or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery of the Prospectus.

Purchasers should refer to the applicable provisions of the securities legislation and the order of the Ontario Securities Commission referred to above for the particulars of their rights or consult with a legal adviser.

THE DECISION of the Director pursuant to section 11.1 of NI 44-102 is that the requirement in section 6.7 of NI 44-102 does not apply to the Issuer in connection with the Distribution so long as the following statements are included in the Distribution Supplement:

The legislation requires the filing of a prospectus supplement containing the omitted information within a specified period of time after the Purchaser agrees to purchase any of the securities.

All shelf information permitted under securities legislation to be omitted from the base shelf prospectus will be contained in one or more shelf prospectus supplements that we are required to file under Ontario securities law.

"Charlie MacCready"
Assistant Manager, Corporate Finance

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Jan Michalik

**IN THE MATTER OF
AN APPLICATION FOR REGISTRATION OF JAN MICHALIK

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SUBSECTION 26(3) OF THE SECURITIES ACT**

Date: August 31, 2005

Director: David M. Gilkes
Manager, Registrant Regulation
Capital Markets Branch

Appearances: Charles Piroli For Ontario Securities Commission staff
Jan Michalik In person

Overview

1. This decision relates to the application of Mr. Michalik (also referred to as the **Applicant**) for registration as an Investment Counsel and Portfolio Manager (**ICPM**) sponsored by Teznia Financial Corp. (**Teznia**). Staff of the Ontario Securities Commission (**OSC**) has recommended that the Director refuse to grant registration.

Background

2. Mr. Michalik is the President and Chief Executive Officer of Teznia. Teznia was incorporated in February 2002 with the aim of becoming an Investment Counsel and Portfolio Management firm. Teznia does not have an Advising Officer (an individual registered in the category of ICPM) which is a requirement for a firm to receive ICPM registration under Ontario securities legislation. Teznia has not been granted registration under the *Securities Act* (**Act**).

3. Mr. Michalik applied for registration as an ICPM sponsored by Teznia on June 12, 2005. As Mr. Michalik did not meet the proficiency requirements for an ICPM, he also submitted an application for an exemption from these requirements on June 24, 2005.

4. On July 22, 2005 OSC staff sent Mr. Michalik a letter by way of registered mail, notifying him of Staff's recommendation that the exemption be denied and that the Director refuse to grant registration.

5. On July 25, 2005 staff received notice from Mr. Michalik indicating that he wished to exercise his right for an Opportunity to be Heard (**OTBH**) by the Director. Subsection 26(3) of the Act states:

(3) Refusal – The Director shall not refuse to grant, renew, reinstate or amend registration or impose terms and conditions thereon without giving the applicant an opportunity to be heard.

6. The OTBH was conducted in person on August 8, 2005.

Submissions

7. OSC staff submitted that there are three fundamental criteria for registration: proficiency, integrity and financial solvency. In this case the reason for staff recommending that the application for registration be refused is due to a lack of proficiency. There are no issues surrounding integrity or financial solvency.

8. The prescribed educational requirements for the category of ICPM are found in OSC Rule 31-502, Part 3.2 (**Rule**), which states:

(1) An individual shall not be granted registration as an investment counsel or portfolio manager or as a representative, partner or officer of an investment counsel or portfolio manager unless the individual

...

(b) has

(i) completed either

(A) the Canadian Investment Manager Program and the first year of the Chartered Financial Analysts Examination Program; or

(B) the Chartered Financial Analyst Examination Program, and

9. OSC staff noted that Mr. Michalik does not have the required courses and in particular he has not completed the first year of the Chartered Financial Analysts Examination Program (**CFA**). Mr. Michalik had requested an exemption from this requirement of the Rule.

10. Mr. Michalik worked as an economist and then senior economist at TD Bank from 1984 to 1993. He performed country and market analysis, published reports and gave advice relating to the economy and financial markets to staff at TD. Mr. Michalik noted in a submission to OSC staff that he did not research securities nor did he conduct the valuation of specific companies. His analysis was for industrial analysis and assessment of credit risk.

11. From 1994 to 2000, Mr. Michalik worked for Volvo Financial Services (**VFS**) in Poland. He assisted in preparing a bond issue for the company as it was investing in Poland and building a new plant. In 1998, Mr. Michalik was promoted to President and CEO of VFS in Poland. He transferred to the Canadian subsidiary of VFS in 2000. He left VFS in 2002.

12. Mr. Michalik was a successful manager for VFS and the company in Poland prospered under his leadership. His experience at VFS primarily related to sales, promotion, and assessing credit risk and operating a company. He gained no experience in providing investment advice to others.

13. Mr. Michalik has managed his own stock portfolio and his wife's portfolio. The combined value of these portfolios is approximately \$120,000. Mr. Michalik said these portfolios have outperformed the U.S. S&P over the last three years.

Suitability for Registration

14. A registrant is in a position to perform valuable services to the public, both in the form of direct services to individual investors and as part of the larger system that provides the public benefits of fair and efficient capital markets. A registrant also has a corresponding capacity to do material harm to individual investors and the public at large. This is particularly true where the registrant has discretionary management over client funds. For this reason, the proficiency requirements for an ICPM are set at a high level, involving both education and industry experience.

15. As noted in the submissions from OSC staff, the standard for suitability for registration is based on three well established criteria that have been articulated by the OSC over time:

The [Registrant Regulation] section administers a registration system which is intended to ensure that all Applicants under the Securities Act and the Commodity Futures Act meet appropriate standards of integrity, competence and financial soundness ...

Ontario Securities Commission, Annual Report 1991, Page 16

Competence means the prescribed proficiency and knowledge of the requirements of Ontario securities law. In this case, the proficiency requirements are specified in Part 3.2 of OSC Rule 31-502.

16. The Director can grant relief from the competence requirement in certain circumstances. The Companion Policy to the Rule provides some guidance in considering a request for an exemption:

1.2 Alternative Qualifications - The Director will consider granting an exemption to any of sections 2.1 to 2.5 and 3.1 to 3.3 of the Rule to any person or company if the Director is satisfied that the person or company has qualifications or experience that are equivalent to, or more appropriate in the circumstances than, the qualifications or experience required under the section.

17. Mr. Michalik does not have all the educational courses required by the rule. He has not completed the first year of the CFA. Mr. Michalik submits that his educational background and work experience make the CFA redundant. I agree that based on his education and his work experience as the senior economist at TD Bank, Mr. Michalik meets the educational requirements of the Rule and I would grant the exemption.

18. Part 3.2 of the Rule also has detailed work experience requirements for investment counsel and portfolio managers, specifically:

(b) has

...

(ii) established that the individual has been employed for five years performing research involving the financial analysis of investments, and that three of the five years have been under the supervision of a registered adviser having the responsibility on a discretionary basis for the management or supervision of investment portfolios having an aggregate value of not less than \$5,000,000;

(c) has established that

(i) the individual has

(A) had three years experience as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager;

(B) had three years experience as a registered salesperson of a broker, investment dealer or securities dealer and two years experience as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager;

(C) had three years experience as a research analyst for a broker or investment dealer and two years experience as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager; or

(D) been responsible for the management or supervision of investment portfolios on a discretionary basis having an aggregate value of not less than \$5,000,000 for a period of five years while employed by a Canadian financial institution or a pension fund; and

(ii) the individual has, at the time of application for registration, and has had for a period of one year prior to the time of application, under his or her direct administration on a discretionary basis investment portfolios having an aggregate value of not less than \$5,000,000;

19. Mr. Michalik has had no work experience in the securities industry whatsoever. I do not find that his work experience at TD Bank, VFS and Teznia is equivalent to the experience required in the Rule nor do I find his experience more appropriate for this type of registration.

Decision

20. As a result of his lack of work experience in the securities industry, I find that the Applicant does not meet the qualifications to be an investment counsel and portfolio manager. Therefore, the application for registration is refused.

August 31, 2005

“David M. Gilkes”

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Cantol Limited	12 Sept 05	23 Sept 05		
eOptimize Advanced Systems Inc.	08 Sept 05	20 Sept 05		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire	Date of Issuer Temporary Order
Fareport Capital Inc.	13 Sept 05	26 Sept 05			

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire	Date of Issuer Temporary Order
ACE/Security Laminates Corporation	06 Sept 05	19 Sept 05			
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Fareport Capital Inc.	13 Sept 05	26 Sept 05			
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
HMZ Metals Inc.	24 Aug 05	06 Sept 05	06 Sept 05		
Hollinger Canadian Newspapers, Limited Partnership	21 May 04	01 Jun 04	01 Jun 04		
Hollinger Inc.	18 May 04	01 Jun 04	01 Jun 04		
Hollinger International	18 May 04	01 Jun 04	01 Jun 04		
Kinross Gold Corporation	01 Apr 05	14 Apr 05	14 Apr 05		
Rex Diamond Mining Corporation	04 Jul 05	15 Jul 05	15 Jul 05		
Thistle Mining Inc.	05 Apr 05	18 Apr 05	18 Apr 05		
TS Telecom Ltd	08 Aug 05	19 Aug 05	19 Aug 05		
Xplore Technologies Corp.	04 Jul 05	15 Jul 05	15 Jul 05		

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Chapter 8

Notice of Exempt Financings

Reports of Trades Submitted on Form 45-501F1

Transaction Date	Purchaser	Security	Total Pur. Price (\$)	# of Securities
09/02/2005	Kinghaven Farms Limited	2005 Elite Racing Investment Fund, LLC, The - Units	595,000.00	1.00
09/12/2005	10 Purchasers	ADB Systems International Ltd. - Debentures	1,120,000.00	10.00
08/24/2005	54 Purchasers	AfriOre Limited - Units	6,035,460.00	4,023,640.00
08/22/2005	Augusta Holdings	AIF VI Private Investors Offshore, L.P. - Limited Partnership Interest	858,513.60	841,680.00
08/11/2005	FriedMercantile Group Inc.	Almaden Minerals Ltd. - Shares	1,312.50	750.00
08/25/2005	Tchelebon Foods Inc.	Amalgamated Income Limited Partnership - Units	502,377.30	558,197.00
08/26/2005	CPP Investment Board Private Holdings Inc.	Apollo Overseas Partners (Delaware) VI, L.P. - Limited Partnership Interest	479,480.00	1.00
08/26/2005	Roncesvalles Investments Inc.	Apollo Overseas Partners (Delaware) VI, L.P. - Limited Partnership Interest	479,480.00	1.00
08/31/2005	Emilyharper Corporation	Arriscraft International Limited Partnership - Debentures	16,000,000.00	16,000,000.00
08/25/2005	17 Purchasers	Augen Limited Partnership 2005 - Limited Partnership Units	708,600.00	7,086.00
08/30/2005	John Ivany	Avigo Resources Corp. - Common Share Purchase Warrant	4,375.00	25,000.00
08/30/2005 to 09/01/2005	Ontario Municipal Employees Retirement Board Scotia Capital	BA Energy Inc. - Shares	26,000,100.00	928,575.00
08/31/2005	RBC Dominion Securities Inc.	BAR Investment Trust - Units	2,493,750.00	206,114.00
08/23/2005	4 Purchasers	Benton Resources Corp. - Units	300,000.00	1,000,000.00
09/01/2005	6 Purchasers	Big Eagle Services Trust - Trust Units	71,500.00	14,300.00
08/26/2005	21 Purchasers	Birch Hill Equity Partners III, L.P. - Limited Partnership Interest	464,550,000.00	464,550,000.00
08/02/2005	Scotia Bank Group Master Trust Fund	Brandes Canada International Equity Unit Trust - Trust Units	326,245,525.68	19,550,741.00
08/23/2005	9 Purchasers	Brazilian Resources, Inc. - Debentures	1,045,000.00	627,000.00

Notice of Exempt Financings

08/23/2005	9 Purchasers	Brazilian Resources, Inc. - Units	1,045,000.00	4,180,000.00
08/25/2005	CMP 2005 Resource Limited Partnership Canada Dominion Resources 2005 Limited Partnership	Breakwater Resources Ltd. - Flow-Through Shares	1,380,000.00	3,000,000.00
08/28/2005	Rob Oliver	Bridgehead (2000) Inc. - Common Shares	2,000.00	800.00
08/28/2005	Rob Oliver	Bridgehead (2000) Inc. - Common Shares	50,050.00	18,200.00
08/30/2005	3 Purchasers	Canadian Golden Dragon Resources Ltd. - Flow-Through Shares	65,022.50	583,333.00
08/30/2005	Strashin Developments Ltd.	Canadian Golden Dragon Resources Ltd. - Non Flow-Through Shares	136,250.00	1,090,000.00
08/25/2005	Strategic Advisors Corp.	Canadian Superior Energy Inc. - Special Warrants	3,132.00	1,200.00
08/29/2005	4 Purchasers	CanAlaska Ventures Ltd. - Flow-Through Shares	1,359,250.00	3,440,000.00
08/31/2005 to 09/09/2005	Dr. Joseph Greenberg Marc Spillman	Card One Plus Ltd. - Common Shares	230,000.00	57,500.00
09/07/2005	3 Purchasers	CareVest Blended Mortgage Investment Corporation - Preferred Shares	183,007.00	183,007.00
09/07/2005	6 Purchasers	CareVest First Mortgage Investment Corporation - Preferred Shares	231,484.00	231,484.00
08/31/2005	Dominic Minnella and Kathy Bruno	Chatters Beauty Group II Inc. - Units	40,000.00	40,000.00
08/15/2005	BNY Trust Company of Canada as Trustee	CNH Capital Canada Wholesale Trust - Notes	146,000,000.00	1.00
08/30/2005	3 Purchasers	Copper Ridge Explorations Inc. - Units	35,000.00	350,000.00
08/25/2005	Strategic Advisors Corp.	Corridor Resources Inc. - Common Shares	2,360.00	1,000.00
08/10/2005	Brenda Chisholm Gundy Co. ITF	Cusac Gold Mines Ltd. - Units	65,000.00	500,000.00
08/26/2005	MMV Financial Inc.	Datawire Communication Networks Inc. - Warrants	1.00	166,667.00
09/02/2005	1513549 Ontario Limited Paularene Management Inc.	DB Mortgage Investment Corporation #1 - Common Shares	2,000,000.00	2,000.00
08/18/2005	41 Purchasers	Divestco Inc. - Units	8,120,000.00	3,248,000.00
08/22/2005	Geoffrey Hyland	Dynex Capital Limited Partnership - Units	25,000.00	25.00
08/31/2005	9 Purchasers	Easton Drilling Fund 2005 Limited Partnership - Limited Partnership Units	2,000,000.00	200,000.00
08/31/2005	47 Purchasers	Ember Resources Inc. - Common Shares	21,682,375.00	3,032,500.00

Notice of Exempt Financings

08/31/2005	Enbridge (Holdings) Inc	Atlantic	Enbridge Gas New Brunswick Limited Partnership - Units	44,730,000.00	44,730.00
08/25/2005	18 Purchasers		Equinox Minerals Limited - Common Shares	19,156,041.60	31,926,736.00
08/25/2005	Strategic Advisors Corp.		Etruscan Resources Incorporated - Units	5,360.00	4,000.00
09/01/2005	Manitoba Lumber Co. Ltd. Judy Kovacs Investments Ltd.		Exchange Industrial Income Fund - Debentures	170,000.00	2,000.00
09/01/2005	Stone Asset Management Limited Judy Kovacs Investment Ltd.		Exchange Industrial Income Fund - Trust Units	1,050,400.00	87,533.00
08/24/2005 to 09/07/2005	3 Purchasers		First Leaside Enterprises Limited Partnership - Limited Partnership Units	270,782.00	3.00
08/24/2005 to 09/07/2005	12 Purchasers		First Leaside Expansion Limited Partnership - Limited Partnership Units	919,678.00	12.00
06/30/2005 to 07/31/2005	12 Purchasers		Flatiron Trust - Units	1,715,962.32	1,278.00
08/25/2005	3 Purchasers		Fortiva Inc. - Preferred Shares	4,781,656.00	1,512,723.00
08/26/2005	River Ridge Farm		Freegold Ventures Limited - Common Shares	49,999.89	294,117.00
08/31/2005	4 Purchasers		Globestar Mining Corporation - Units	1,410,000.00	3,525,000.00
08/31/2005	Zoom Airlines Incorporated and Hugh Boyle		Go Travel Direct.com Inc. - Preferred Shares	14,784,000.00	147,840.00
09/06/2005	3 Purchasers		GridIron Software Inc. - Notes	1,200,000.00	3.00
08/18/2005	3 Purchasers		Hillsborough Resources Limited - Common Shares	1,012,500.00	675,000.00
08/26/2005	Westerkirk Capital Inc.		HSBC Bank Canada - Units	25,000,000.00	25,000,000.00
08/26/2005	RBC Life Insurance Company		Husky Injection Molding Systems Ltd. - Debentures	5,000,000.00	5,000,000.00
08/30/2005 to 09/08/2005	Vera Lo Epic Limited Partnership		Hy-drive Technologies Ltd. - Units	288,254.56	450,398.00
08/25/2005	7 Purchasers		Inspiration Mining Corporation - Common Share Purchase Warrant	70,000.00	350,000.00
08/26/2005	4 Purchasers		Inviro Medical Inc. - Common Shares	31,758.32	13,288.00
08/31/2005	Fred Berlet S.G.W.B. Enterprises Limited		IROC Systems Corp. - Units	50,000.00	50.00
08/30/2005	GE Canada Equipment Financing GP Sun Life Assurance Company of Canada		Island Timberlands Finance Corp. - Bonds	28,000,000.00	2.00

Notice of Exempt Financings

09/02/2005	7 Purchasers	JumpTV.com, Inc. - Shares	1,158,405.00	77,227.00
08/26/2005	4 Purchasers	Kimber Resources Inc. - Units	1,999,998.00	1,333,332.00
08/26/2005	4 Purchasers	Kleer Semiconductor Corporation - Preferred Shares	1,619,857.00	7,256,818.00
08/30/2005	49 Purchasers	Leader Energy Services Ltd. - Common Shares	17,699,760.00	5,803,200.00
08/26/2004 to 06/30/2005	89 Purchasers	Mackenzie Ivy European Capital Class - Units	1,322,849.00	198,796.00
03/01/2004 to 06/30/2005	103 Purchasers	Mackenzie Ivy Foreign Equity Fund - Units	6,585,692.00	669,335.00
07/02/2004 to 06/30/2005	302 Purchasers	Mackenzie Maxxum Canadian Balanced Fund - Units	31,033,816.00	3,016,547.00
07/02/2004 to 06/30/2005	294 Purchasers	Mackenzie Maxxum Canadian Equity Growth Fund - Units	29,134,083.00	1,772,930.00
03/02/2004 to 06/30/2005	85 Purchasers	Mackenzie Select Managers Far East Capital Class - Units	424,320.00	43,203.00
08/31/2005	Hugh McKee	Monitor MBG ESC, L.P. - Limited Partnership Interest	29,722.50	29,723.00
08/26/2005	14 Purchasers	Moto Goldmines Limited - Receipts	5,260,751.00	1,070,167.00
08/26/2005	14 Purchasers	Moto Goldmines Limited - Units	5,260,751.00	779,445.00
08/15/2005	Sun Life Assurance Company of Canada	Newfoundland Power Inc. - Bonds	20,000,000.00	0.00
08/22/2005	10 Purchasers	Newport Diversified Hedge Fund - Trust Units	1,193,213.00	12,008.00
09/02/2005	Gail Keeler Nick Keeler	O'Donnell Emerging Companies Fund - Units	1,000.00	147.00
08/25/2005	Mirabaud Canada Inc.	Orbis Japan Equity (US\$) Fund Limited - Shares	202,732.00	6,994.00
06/19/2005	Multibond Inc. Michel Sales	OrthoClear Holdings Inc. - Stock Option	325,517.00	1,860,097.00
08/17/2005	3 Purchasers	Petro-Reef Resources Ltd. - Common Share Purchase Warrant	400,000.00	888,888.00
07/20/2005	3 Purchasers	PetroWorld Corp - Units	1,642,015.00	2,078,500.00
08/30/2005	Rose Stormont Corporation	Plasco Energy Group Inc. - Shares	1,000,000.00	418,410.00
08/31/2005	Michel Kalasznikov	Qualia Real Estate Investment Fund IV LP - Units	50,000.00	1.00
08/02/2005	BMO Nesbitt Burns Inc.	Real Return Trust - Trust Units	3,651,876.00	384,408.00
08/24/2005	Fraser Mackenzie Limited	Richards Oil & Gas Limited - Warrants	19,750.00	25,000.00
09/06/2005	5 Purchasers	SBI Skin Biology Incorporated - Units	125,000.00	2,500,000.00

Notice of Exempt Financings

08/29/2005	2 Purchasers	Sea NG Management Corporation - Common Shares	42,000.00	42,000.00
08/30/2005	G. Mark Curry	Selkirk Metals Holdings Corp. - Special Warrants	50,000.00	200,000.00
08/29/2005	Credit Union Central of Ontario Limited	SMART Trust - Notes	209,819.97	1.00
08/31/2005	Brian Gulledege Warren Bradley	Sonomax Hearing Healthcare Inc. - Units	55,500.00	185,000.00
08/31/2005	Lorian Group Inc.	Sonomax Hearing Healthcare Inc. - Warrants	0.00	105,000.00
08/25/2005	6 Purchasers	SouthernEra Diamonds Inc. - Flow-Through Shares	3,425,000.00	8,562,500.00
08/29/2005	S & B Greenberg Holdings Limited	St. Lawrence Trading Inc. - Common Shares	173,702.02	241.00
08/31/2005	7 Purchasers	Synenco Energy Inc. - Common Shares	7,250,600.00	517,900.00
09/07/2005	3 Purchasers	Talware Networx Inc. - Debentures	90,000.00	90,000.00
08/24/2005 to 09/09/2005	4 Purchasers	TD Capital Private Equity Investors Holdings (Canada) L.P. II - Limited Partnership Interest	299,248,699.00	299,248,699.00
08/24/2005	7 Purchasers	TD Capital Private Equity Investors (Canada) L.P. II - Limited Partnership Units	76,531,200.00	6,400.00
08/25/2005	65 Purchasers	Titanium Corporation Inc. - Units	8,530,001.00	3,791,111.00
09/02/2005	C5PBA	Trafalgar Trading Limited - Rights	50,000,000.00	50,000,000.00
08/24/2005	Amaranth Resources Limited	Trez Capital Corporation - Units	100,000.00	0.00
08/24/2005	Philip Siffit	True North Corporation - Units	10,500.00	30,000.00
05/30/2005	19 Purchasers	Twenty Two Degree Energy Corp. - Common Shares	437,000.00	8,740,000.00
10/12/2004	Exclusive Asset Management Inc. Joseph Fuda	Twenty Two Degree Energy Corp. - Common Shares	60,000.00	1,200,000.00
07/09/2004	Charles R. Edey Jennifer Lutigheid	Twenty Two Degree Energy Corp. - Common Shares	20,000.00	400,000.00
09/13/2004	Charles R. Edey Jennifer Lutigheid	Twenty Two Degree Energy Corp. - Common Shares	20,000.00	400,000.00
08/22/2005 to 08/25/2005	4 Purchasers	Valkyries Petroleum Corp. - Common Shares	1,451,030.00	11,000,000.00
07/31/2005	11 Purchasers	Vertex Fund - Trust Units	1,045,929.99	62,563.00
09/02/2005	31 Purchasers	West 49 Inc. - Common Shares	9,440,720.00	4,968,800.00

Notice of Exempt Financings

09/01/2005	1397225 Ontario Limited	Whippoorwill Offshore Opportunity, Ltd. - Shares	Distressed	10,000,000.00	10,000.00
05/16/2005	10 Purchasers	Woodward Properties Ltd. - Units		5,288,598.00	135.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Bema Gold Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated September 9, 2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

\$118,902,000.00 - 41,720,000 Shares
Price \$2.85 per Share

Underwriter(s) or Distributor(s):

GMP Securities Ltd.
Genuity Capital Markets
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Haywood Securities Inc.
Orion Securities Inc.
UBS Securities Canada Inc.

Promoter(s):

-

Project #830847

Issuer Name:

CanWest MediaWorks Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated September 7, 2005
Mutual Reliance Review System Receipt dated September 8, 2005

Offering Price and Description:

\$* - * Fund Units
Price: \$10.00 per Fund Unit

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
RBC Dominion Securities Inc.

Promoter(s):

CanWest MediaWorks Inc.

Project #830094

Issuer Name:

Citigroup Finance Canada Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated September 12, 2005
Mutual Reliance Review System Receipt dated September 13, 2005

Offering Price and Description:

\$8,000,000,000.00
Medium Term Notes
(unsecured)

Unconditionally guaranteed as to principal, premium (if any) and interest

Underwriter(s) or Distributor(s):

TD Securities Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.

Promoter(s):

-

Project #831210

Issuer Name:

Communications DVR inc.
Principal Regulator - Quebec

Type and Date:

Preliminary CPC Prospectus dated September 2, 2005
Mutual Reliance Review System Receipt dated September 2, 2005

Offering Price and Description:

Minimum Offering: \$500,000.00 or 2,500,000 Common Shares
Maximum Offering: \$750,000.00 or 3,750,000 Common Shares

Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Investpro Securities Inc.
Union Securities Ltd.

Promoter(s):

Marc Lafontaine

Project #829171

Issuer Name:

Croft Enhanced Income Fund
Managed Global Mandate
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated September 6, 2005
Mutual Reliance Review System Receipt dated September 7, 2005

Offering Price and Description:

Class A, B, C and D Units

Underwriter(s) or Distributor(s):

Not applicable.

Promoter(s):

R N Croft Financial Group Inc.

Project #829576

Issuer Name:

Empire Mining Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary CPC Prospectus dated September 8, 2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

\$250,000.00- 2,500,000 Common Shares
Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Graydon Elliott Capital Corporation

Promoter(s):

Robert Giustra

Project #805707

Issuer Name:

Hudson's Bay Company
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated September 8, 2005
Mutual Reliance Review System Receipt dated September 8, 2005

Offering Price and Description:

\$500,000,000.00

Debt Securities

Preferred Shares

Common Shares

Warrants to Purchase Equity Securities

Warrants to Purchase Debt Securities

Share Purchase Contracts

Share Purchase or Equity Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #830248

Issuer Name:

ING Canada Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated September 9, 2005
Mutual Reliance Review System Receipt dated September 13, 2005

Offering Price and Description:

\$1,000,000,000.00 - Debt Securities
Class A Shares - Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #830580

Issuer Name:

IPC US Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated September 9, 2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

U.S. \$60,000,000.00

5.75% Convertible Unsecured Subordinated Debentures

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

National Bank Financial Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

Desjardins Securities Inc.

TD Securities Inc.

Canaccord Capital Corporation

HSBC Securities (Canada) Inc.

Genuity Capital Markets

Raymond James Ltd.

Promoter(s):

-

Project #830613

Issuer Name:

Mexivada Mining Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated September 8, 2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

\$2,000,000.00 - 4,000,000 Units

Price: \$0.50 per Unit

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Promoter(s):

Richard Robert Redfern

Project #830589

Issuer Name:

NCE Diversified Flow-Through (05-2) Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated September 9, 2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

\$75,000,000.00 (Maximum Offering)
\$10,000,000.00 (Minimum Offering)
A maximum of 3,000,000,000 and minimum of 400,000
Limited Partnership Units

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Dundee Securities Corporation
Desjardins Securities Inc.
First Associates Investments Inc.
IPC Securities Corporation
Jory Capital Inc.
Wellington West Capital Inc.

Promoter(s):

Petro Assets Inc.
Project #830672

Issuer Name:

Petrolifera Petroleum Limited
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated September 6, 2005
Mutual Reliance Review System Receipt dated September 7, 2005

Offering Price and Description:

\$ * - * Common Shares
Price: \$ * per Common Share

Underwriter(s) or Distributor(s):

Jennings Capital Inc.
GMP Securities Ltd.
Octagon Capital Corporation
Dominick & Dominick Securities Inc.
Haywood Securities Inc.
Bolder Investment Partners, Ltd.
Salman Partners Inc.

Promoter(s):

Connacher Oil and Gas Limited
Project #829696

Issuer Name:

Polar North America Income Fund
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Prospectus dated
September 7, 2005
Mutual Reliance Review System Receipt dated September 8, 2005

Offering Price and Description:

\$ * - * Units
Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Sprott Securities Inc.

Promoter(s):

WNA Holding Company
Project #822832

Issuer Name:

Schooner Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated September 9,
2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

\$516,700,000.00 (approximate)

Underwriter(s) or Distributor(s):

TD Securities Inc.

Promoter(s):

-
Project #830693

Issuer Name:

Shiningbank Energy Income Fund
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated September 12, 2005
Mutual Reliance Review System Receipt dated September 12, 2005

Offering Price and Description:

\$100,245,000.00 - 4,100,000 Trust Units

Price: \$24.45 per Trust Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
FirstEnergy Capital Corp.

Promoter(s):

-

Project #831190

Issuer Name:

VRB Power Systems Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated September 6, 2005
Mutual Reliance Review System Receipt dated September 7, 2005

Offering Price and Description:

14,167,000 Common Shares Issuable on Exercise of

14,167,000 Special Warrants

Cdn. \$10,200,240.00

Price: Cdn. \$0.72 per Common Share

Underwriter(s) or Distributor(s):

Sprott Securities Inc.
Loewen, Ondaatje, McCutcheon Limited

Promoter(s):

Fraser MacKenzie Limited

Project #829002

Issuer Name:

Cameco Corporation
Principal Regulator - Saskatchewan

Type and Date:

Final Short Form Prospectus dated September 12, 2005
Mutual Reliance Review System Receipt dated September 12, 2005

Offering Price and Description:

\$300,000,000.00 - 4.70% Senior Unsecured Debentures,
Series C due September 16, 2015

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.

Promoter(s):

-

Project #828790

Issuer Name:

Canadian Imperial Equity Fund
CIBC Core Canadian Equity Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated September 1, 2005 to Final
Simplified Prospectus and Annual Information Form dated
August 8, 2005
Mutual Reliance Review System Receipt dated September
9, 2005

Offering Price and Description:

Mutual Fund Units Net Asset Value

Underwriter(s) or Distributor(s):

CIBC Securities Inc.
CIBC Securities Inc.

Promoter(s):

Canadian Imperial Bank of Commerce
Project #784126

Issuer Name:

Canadian Medical Discoveries Fund II Inc.
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated August 29, 2005 to Final Prospectus
dated November 23, 2004
Mutual Reliance Review System Receipt dated September
7, 2005

Offering Price and Description:

Class A Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

PIPSC Sponsor Corp.

Project #697015

Issuer Name:

Canadian Medical Discoveries Fund Inc.
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated August 29, 2005 to Final Prospectus
dated December 22, 2004
Mutual Reliance Review System Receipt dated September
7, 2005

Offering Price and Description:

Class A Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #697005

Issuer Name:

Canadian Prodigy Capital Corporation
Principal Regulator - Quebec

Type and Date:

Final CPC Prospectus dated August 31, 2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

Minimum offering: \$600,000.00 or 3,000,000 common shares

Maximum offering: \$900,000.00 or 4,500,000 common shares

Price: \$0.20 per share

Underwriter(s) or Distributor(s):

Union Securities Ltd.

Promoter(s):

Bernard Mercier

Project #806578

Issuer Name:

Imperial Canadian Equity Pool
Imperial Short-Term Bond Pool
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated September 1, 2005 to Final Simplified Prospectus and Annual Information Form dated May 9, 2005

Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

Mutual Fund Units Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

CIBC Imperial Bank of Commerce

Project #747343

Issuer Name:

Pan-Ocean Energy Corporation Limited
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated September 7, 2005
Mutual Reliance Review System Receipt dated September 7, 2005

Offering Price and Description:

CDN\$40,000,000.00 - 1,250,000 Class B Subordinate Voting Shares

Underwriter(s) or Distributor(s):

GMP Securities Ltd.

Haywood Securities Inc.

Jennings Capital Inc.

Research Capital Corporation

Promoter(s):

-

Project #824335

Issuer Name:

Real Assets Social Impact Balanced Fund
Real Assets Social Leaders Fund
Principal Regulator - British Columbia

Type and Date:

Final Simplified Prospectus and Annual Information Form dated September 7, 2005
Mutual Reliance Review System Receipt dated September 9, 2005

Offering Price and Description:

Class A and Class M Units @ Net Asset Value

Underwriter(s) or Distributor(s):

Real Assets Investment Management Inc.

Promoter(s):

-

Project #811758

Issuer Name:

Summit Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated September 12, 2005
Mutual Reliance Review System Receipt dated September 12, 2005

Offering Price and Description:

\$100,050,000.00 - 4,350,000 Units

Price: \$23.00 per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

National Bank Financial Inc.

Canaccord Capital Corporation

Trilon Securities Corporation

Desjardins Securities Inc.

Promoter(s):

-

Project #829116

Issuer Name:

Talvest Bond Fund
Talvest Cdn. Asset Allocation Fund
Talvest Cdn. Equity Growth Fund
Talvest Cdn. Equity Value Fund
Talvest Cdn. Multi Management Fund
Talvest Small Cap Cdn. Equity Fund
Principal Regulator - Quebec

Type and Date:

Amendment #3 dated September 1, 2005 to Final
Simplified Prospectus and Annual Information Form dated
December 15, 2004
Mutual Reliance Review System Receipt dated September
8, 2005

Offering Price and Description:

Class A, F and O Units

Underwriter(s) or Distributor(s):

CIBC Asset Management Inc.
CIBC Asset Management Inc.

Promoter(s):

CIBC Asset Management Inc.

Project #699344

Issuer Name:

Venturelink Brighter Future (Equity) Fund Inc.
Venturelink Financial Services Innovation Fund Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated August 26, 2005
Mutual Reliance Review System Receipt dated September
7, 2005

Offering Price and Description:

Class A Shares, Series III and Class A Shares, Series IV

Underwriter(s) or Distributor(s):

-

Promoter(s):

CFPA Sponsor Inc.
Skylon Advisors Inc.

Project #811458

Issuer Name:

VentureLink Diversified Income Fund Inc.

Type and Date:

Final Prospectus dated August 26, 2005
Received on September 7, 2005

Offering Price and Description:

Class A Shares, Series III and Class A Shares, Series IV

Underwriter(s) or Distributor(s):

Skylon Advisors Inc.

Promoter(s):

-

Project #812698

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Global Trader Canada	Limited Market Dealer	September 14, 2005
Consent to Suspension	H&R Block Canada Financial Services Inc.	Scholarship Plan Dealer	September 8, 2005
New Registration	Interward Asset Management Ltd.	Investment Counsel and Portfolio Manager	September 12, 2005
Change in Category	Perennial Asset Management Corp.	From: Investment Counsel & Portfolio Manager To: Limited Market Dealer and Investment Counsel & Portfolio Manager	September 8, 2005
New Registration	Veracap Corporate Finance Limited	Limited Market Dealer	September 6, 2005

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Chapter 25

Other Information

25.1 Approvals

25.1.1 Sentry Select Capital Corp. - s. 213(3)(b) of the LTCA

Headnote

Approval under clause 213(3)(b) of the Loan and Trust Corporations Act – Manager of trust unable to rely upon Approval 81-901 – Approval of Trustees of Mutual Fund Trusts as units to be sold pursuant to dealer registration and prospectus exemptions – trust created for tax purposes to facilitate public offering by another trust – each trusts' portfolio linked to the other through forward agreement - manager approved to act as trustee.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

September 2, 2005

Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. West
Toronto, Ontario
M5H 3Y4

Attention: Andrew L. Peel

Dear Sirs/Mesdames:

**Re: Sentry Select Capital Corp. (the "Applicant")
Application for Approval to act as trustee of
U.S. Mortgage Investment Trust under c.
213(3)(b) of the Loan and Trust Corporations
Act (Ontario) – App. No. 589/05**

Further to an application (the "Application") dated August 16, 2005 filed on behalf of the Applicant and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the Applicant as trustee of U.S. Mortgage Investment Trust.

"Paul M. Moore"

"Paul K. Bates"

25.2 Consents

25.2.1 World Heart Corporation - s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Canada Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., ss. 181, 185

Canada Business Corporations Act, R.S.C. 1985, c. C-144, as am.

Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).

August 5, 2005

**IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c. B. 16, AS AMENDED
(THE OBCA)**

ONTARIO REG. 289/00 (THE REGULATION)

AND

**IN THE MATTER OF
WORLD HEART CORPORATION**

**CONSENT
(Clause 4(b) of the Regulation)**

UPON the application of World Heart Corporation (WorldHeart) to the Ontario Securities Commission (the Commission) requesting a consent from the Commission for WorldHeart to continue into another jurisdiction pursuant to clause 4(b) of the Regulation;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON WorldHeart having represented to the Commission that:

1. WorldHeart was incorporated under the provisions of the OBCA on April 1, 1996. The registered

Other Information

- office of WorldHeart is located at Suite 1400, 40 Elgin Street, Ottawa, Ontario, K1P 5K6 and its head office is located at 7799 Pardee Lane, Oakland, California, USA, 94621.
2. The authorized share capital of WorldHeart is comprised of an unlimited number of common shares (Common Shares), of which **55,779,550** Common Shares were issued and outstanding as of **August 2, 2005**.
 3. WorldHeart is proposing to submit an application to the Director under the OBCA pursuant to section 181 of the OBCA (the Application for Continuance) for authorization to continue (the Continuance) as a corporation under the *Canada Business Corporations Act*, R.S.C. 1985, c.144, as amended (the CBCA).
 4. Pursuant to clause 4(b) of the Regulation, where a corporation is an offering corporation (as such term is defined in the OBCA), the Application for Continuance must be accompanied by a consent from the Commission.
 5. WorldHeart is an offering corporation under the OBCA and a reporting issuer under the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the Act). WorldHeart is also a reporting issuer or the equivalent thereof in each of the other provinces of Canada.
 6. WorldHeart's Common Shares are listed for trading on **the** Toronto Stock Exchange under the symbol "WHT" and quoted on The NASDAQ National Market under the symbol "WHRT".
 7. Following the Continuance, WorldHeart intends to remain a reporting issuer in Ontario and in the other jurisdictions in which it is currently a reporting issuer or equivalent thereof.
 8. WorldHeart is not in default under any provision of the Act or the rules and regulations made under the Act and is not in default under the securities legislation of any other jurisdiction in which it is a reporting issuer or equivalent thereof.
 9. WorldHeart is not a party to any proceeding or, to the best of its knowledge, information and belief, any pending proceeding under the Act.
 10. The Continuance of WorldHeart under the CBCA was approved by WorldHeart's shareholders by way of special resolution at an annual and special meeting of shareholders (the Meeting) held on July 18, 2005.
 11. The management information circular of WorldHeart dated June 13, 2005, provided to all shareholders of WorldHeart in connection with the Meeting, advised the holders of Common Shares of WorldHeart of their dissent rights in connection with the Continuance pursuant to section 185 of the OBCA.
 12. The principal reason for the Continuance is that the Corporation believes it to be in its best interests to conduct its affairs in accordance with the CBCA.
 13. Other than the requirement under the OBCA that a majority of a corporation's directors be resident Canadians, **as compared with the requirement under the CBCA** that, subject to certain exceptions, only 25% of a corporation's directors need be resident Canadians, the material rights, duties and obligations of a corporation governed by the CBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of WorldHeart as a corporation under the CBCA.

"Carol S. Perry"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

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