



VSE

MEMBERS OF THE VANCOUVER STOCK EXCHANGE

The VSE is a self-regulating organization owned and operated by 53 national and regional member firms which provide trading services for individual and institutional investors and assist companies seeking to raise capital by listing on the stock exchange.

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VSE





The Story of THE BEAVER

Created by
Larry Rosso

November 1998 - February 1999

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Commissioned by the
Vancouver Stock Exchange
1999

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*“The beaver is known for the industry and perseverance it brings
to building and shaping its habitat. Through market integrity, the VSE
is changing and shaping the venture marketplace to improve access
to capital for listed companies, while protecting investors.”*

PRESIDENT & CEO, MICHAEL E. JOHNSON
VANCOUVER STOCK EXCHANGE



THE BEAVER

Carrier artist Larry Rosso created a unique wall panel to symbolize both the resilience and industry of the Vancouver Stock Exchange and his own family crest.

The Beaver is carved from a block of western red cedar possessing a straight, soft grain. Rosso worked with artist Don Yeomans on the initial blocking stage. The wall panel has a clear oil finish to enrich the hues of the wood. Its rectangular shape refers to ceremonial boxes with carved sides and to memorial plaques that often surmount totems.

The beaver is the official symbol of Canada, noted for the ingenuity and perseverance it shows in building and shaping its habitat. Traditional features in Rosso's carving include two strong incisors with a stick held in upraised paws. There is also a round, cross-hatched tail, folded under the body and then up and over the front of the figure.

The Beaver symbolizes achievement through hard work and the capacity for overcoming obstacles. Resilience is as central to the beaver's survival as it is to its daily endeavors.



LARRY ROSSO

Larry Rosso grew up in Central British Columbia at Burns Lake. As a young child he developed his lifelong love for carving while watching his grandfather create dugout canoes at Fort Babine during summer holidays. Later, he expanded his interest through practical and artistic apprenticeship programs that included training as a union carpenter. Rosso's technical skills with wood enhanced his natural abilities, particularly with the complex bent box art form.

His first apprenticeship with Kwakiutl artist Doug Cranmer focused on learning the methods of bending wood. With Robert Davidson, he worked on a variety of projects during an apprenticeship of almost four years. Rosso developed his own style through masterful wall panels and unique bent box designs. His work can be seen at the Museum of Man in Ottawa, the Museum of Anthropology at the University of British Columbia, Chicago's Field Museum and the Vancouver International Airport Air B.C. Departure Lounge. In addition, he enjoys extensive international sales to private collectors.

Working with Rosso to develop the concept for the 1999 commission, President and CEO Michael E. Johnson decided on *The Beaver* wall panel as an appropriate symbol for the goals of the Exchange. The beaver is also Rosso's family crest.



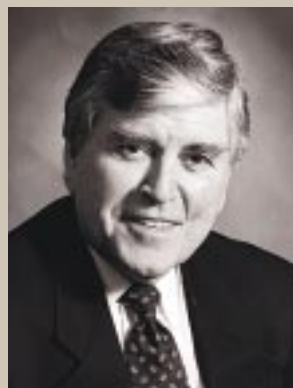


VSE

VANCOUVER STOCK EXCHANGE
Where Business Starts



ROSLYN KUNIN



J. CHRIS LAY

POSITIONING FOR THE MILLENNIUM

Amid a difficult year for the securities industry, the Vancouver Stock Exchange, its members and staff worked diligently to improve market access and service levels, and to increase the global competitiveness of our country's junior equity markets.

From developing a restructuring plan for Canadian capital markets, to researching new market indexes, to implementing a Year 2000 readiness program, much of 1998's work will be realized in 1999 and beyond.

That is not to say that 1998 is without significant accomplishments. Under the leadership of President and CEO Michael Johnson, the Exchange's sound market integrity enabled us to provide better access to capital for listed companies and improved market information.

We are proud of VSE employees, who worked hard during a year of fiscal restraint and remained optimistic throughout the uncertainty that accompanies a significant market restructuring. We thank Mo-Yin Chan, Tony Chan, Mel Couvelier, Larry McFadden, Richard Rousseau, Lin Rubin, Terry Salman and Darryl Yea, who completed their service on the Board of Governors.

The VSE stands ready to greet tomorrow's entrepreneurs with the same spirit we have always shown in welcoming new ventures.

A handwritten signature in dark ink, appearing to read "R Kunin".

Roslyn Kunin
Chair

A handwritten signature in dark ink, appearing to read "J. Chris Lay".

J. Chris Lay
Vice Chair



"The beaver is known for the industry and perseverance it brings to building and shaping its habitat. Through market integrity, the VSE is changing and shaping the venture marketplace to improve access to capital for listed companies, while protecting investors."

BUILDING OPPORTUNITIES

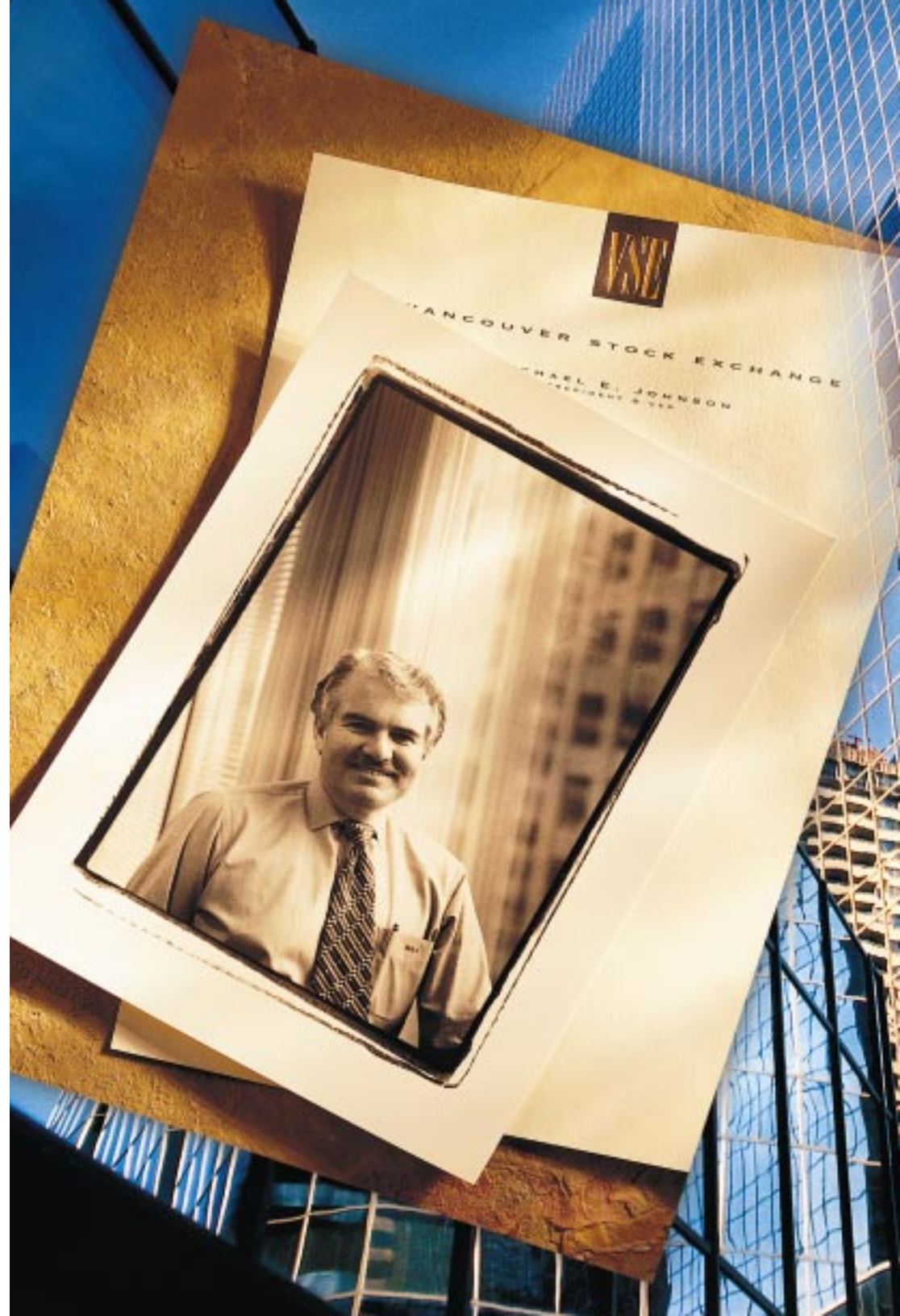
The planned merger of the Vancouver and Alberta stock exchanges to form a national venture market is the most significant announcement the VSE has made since mining broker Charles Rand declared the Exchange open for business 92 years ago. His mandate to "protect the public and enhance economic activity" is as vital to our future as it was to our past.

The new exchange will play a unique role in the restructured Canadian capital marketplace, providing effective access to capital for emerging growth companies. It will consolidate the expertise of the VSE and ASE and incorporate the Canadian Dealing Network as a pre-listing trading mechanism. The merger will represent one of three specialized markets in Canada, complementing a senior equities market and a derivatives market.

The Canadian securities industry's key advantage in global competition is a vibrant market for emerging growth companies that will graduate seamlessly to the senior market. Further, a strong derivatives market will support increased liquidity and investor following of the equities markets.

By building on each exchange's strengths and reducing fragmentation, we can create a market that benefits all participants.

Our listed companies will have improved access to capital through regional representation provided by all exchanges. In addition, listed





companies will benefit through harmonization of regulations, elimination of overlapping fees, improved service levels and broader investor following.

Our investors will benefit from a well-regulated, fair and accessible marketplace with enhanced protection through uniform regulatory standards, consistent enforcement and improved market information.

Our members will benefit from common exchange technology, which will enable greater efficiencies within their operations. Members may also participate in collaborative marketing programs to leverage their niche expertise and expand business within Canada and worldwide.

On another front, the VSE unveiled new regulatory innovation initiatives that will bring listed companies faster service, fewer limitations and reduced fees. As with last year's venture capital pool program and VSE vetting of IPOs, these new initiatives provide improved access to capital.

I congratulate Judi Sullivan, employee of the year, Susan Copland, manager of the year, and Lloyd Costley, executive of the year, and I thank all of our employees for their continued commitment.

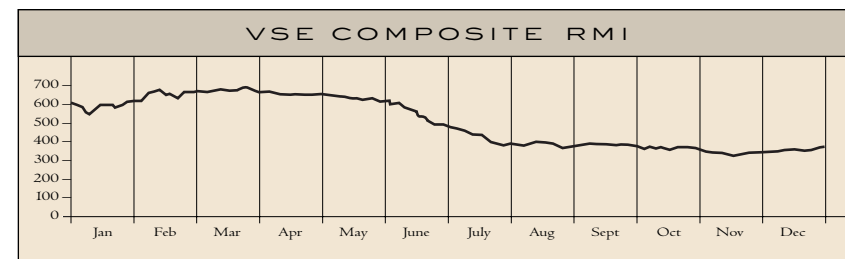
Emerging growth companies are the strongest job creators in Canada. National and regional member participation in the new market, complemented by institutional funding, will develop opportunities for today's entrepreneurs to build tomorrow's leading senior companies.

Michael E. Johnson
President & CEO



VANCOUVER
STOCK
EXCHANGE
1998

GRADUATES	ADVANCED
15	354



CORPORATE FINANCE	
Total Financing	\$603,070,065
Average \$ Per Financing	\$626,240
FINANCING \$	
Non-Resource \$241,320,888	Resource \$361,749,177
New Listings & RTOs	42
EOPs	7
Financing Transactions	963
Stock Options	2,500
Other Transactions	4,188
New Advanced	27

INQUIRIES	
AVERAGE # / DAY	
Unique website visitors	3,655
Page Requests	21,900
Quotations Subscribers	66,010
Other – PAL, CIC, IVR	144

BOARDS

LISTED COMPANIES 1,384

Advanced Boards 354

ASIA
PACIFIC
BOARD

46

CAN AM
BOARD

262

LATIN
AMERICA
BOARD

46

Venture Companies 1,030

ASIA
PACIFIC
VENTURE

133

CAN AM
BOARD
VENTURE

694

LATIN
AMERICA
VENTURE

203

SHARES 17,065,108,010

AVERAGE SHARES / ISSUE 13,817,901

MARKET CAPITAL \$6,831,010,124

Free Trading
94%

Escrow
6%

SHARE VALUE DISTRIBUTION

Value Range	Count
\$0.01-0.10	450
\$0.11-0.25	350
\$0.26-0.50	220
\$0.51-1.00	200
\$1.01-2.00	50
\$2.01-5.00	20
>\$5.01	10

LISTED COMPANIES #

Resource Type	Count
Resource	940
Non-resource	444

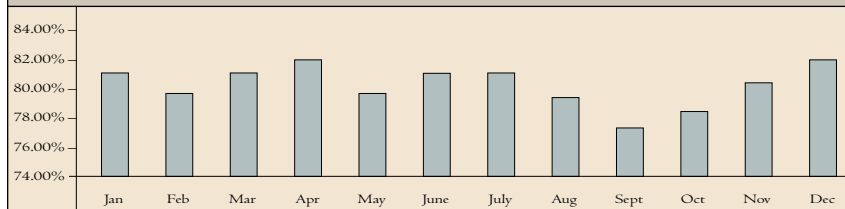
LISTED COMPANIES #

Origin	Count
Domestic	1038
Foreign	346

INVESTORS \$

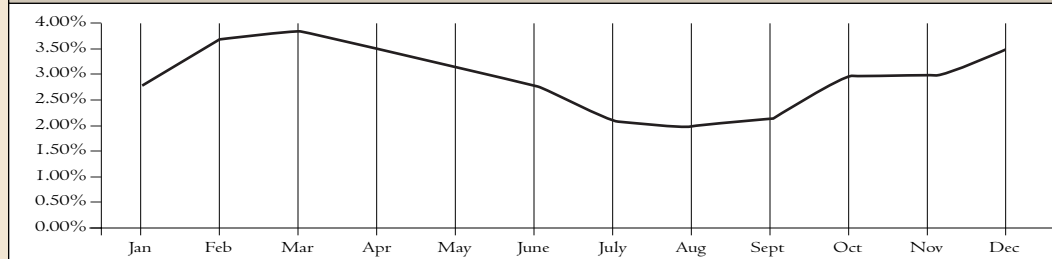
Investor Type	Percentage
Retail	85%
Institutional	15%

ACTIVE TRADERS RATIO



TRADING

LIQUIDITY RATIO



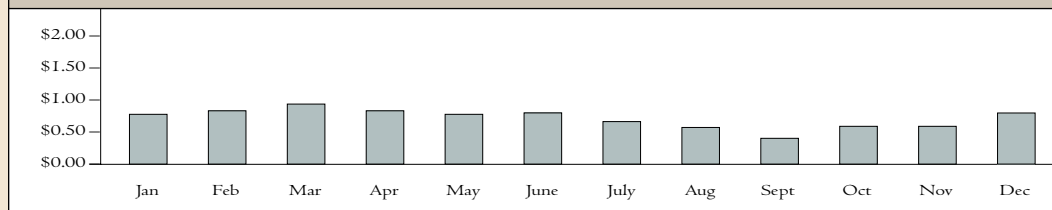
ORDERS: 2,455,195

SHARES TRADED: 5,257,995,558

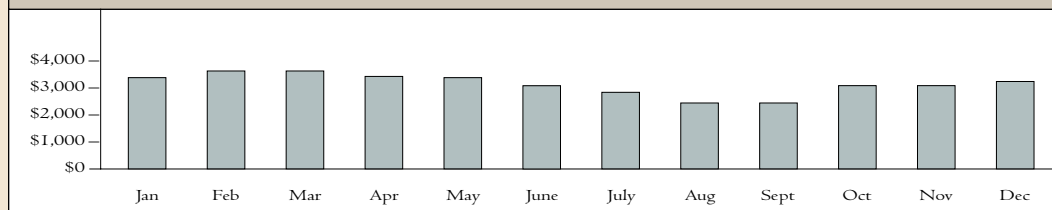
TRADES: 1,196,116

VALUE TRADED: \$3,790,789,698

AVERAGE PRICE / SHARE TRADED



AVERAGE TRADE SIZE



MEMBERS VSE/BC

Members	55
Members (PAJ*)	19
Offices	169
Investment Advisers (PAJ*)	1,475
Traders	363
Portfolio Managers	26
Directors/Officers	363

(*Prime Audit Jurisdiction)

TRADING SYSTEM PERFORMANCE

TRADING DAYS 252

Trades	1,196,116
Average Trades/Day	4,747
High Trades/Day	8,839
Average Trade Execution Time	1.25 sec
Major Outages	3
Availability	99.76%



*"The beaver rarely abandons his work,
but perseveres against all obstacles until
his lodge and dams are complete."*

IMPROVING ACCESS TO CAPITAL FOR LISTED COMPANIES

The Vancouver Stock Exchange welcomes emerging companies to our market. Our aim is to make their transition from private to public company quick, simple and cost-effective. From pre-listing through to graduation, we work hard to ensure that the VSE's effective regulatory environment, open and transparent trading system and broad dissemination of market information will advance each company's initial and ongoing financing efforts.

By providing an active, well-regulated public market for funding companies during their early development, the VSE occupies a unique place among North American stock markets. Through decades of experience with junior companies, the VSE has tailored its policies and listing requirements to suit the unique needs of early-stage ventures in need of growth capital from \$500,000 to \$25 million. Recently, the VSE introduced significant changes to its corporate finance policies and procedures to improve access to capital for listed companies.





Companies can benefit in many ways from going public early in their development. As a venture capital market, the Vancouver Stock Exchange provides the framework, regulation and liquidity of a public market, as well as the opportunity for ongoing financing. From employee stock options to fair valuations that can lead to other financing opportunities, the VSE helps emerging companies grow their businesses in a regulated environment. VSE services and programs are designed to provide access to capital and protect investors.

An important aspect of the VSE's venture capital marketplace is its open-auction trading system, Vancouver Computerized Trading (VCT). Compared to dealer markets, where traders typically act as principals, buying and selling from their own inventories, the VSE's order-driven auction market has no specialists or market makers. Those trading VSE stocks view the full order book, and their trades are executed directly on the VCT system. This enables listed companies to establish a fair and realistic valuation based purely on market forces.

The VSE website offers a wealth of information to listed companies and investors. It provides market highlights, publications and delayed stock quotations as well as market summaries and complete VSE corporate finance policies and rules. An important feature of the VSE website introduced in 1998 is VC INFO, our comprehensive database of listed company information.

There are three ways to list on the Vancouver Stock Exchange. Once a prospective listed company secures a sponsor, its directors consult with their legal counsel and underwriter to choose between an initial public offering (IPO) or a reverse takeover (RTO). Proven entrepreneurs with a public market track record may choose instead to launch a venture capital pool (VCP) company to find and acquire a suitable venture. Whichever door the company chooses, it will enter the same junior capital marketplace with the same benefits of liquidity, incentive options, higher valuation and an environment that can promote growth.

Since the British Columbia Securities Commission transferred responsibility for the vetting of prospectuses to the VSE in 1998, the Exchange has worked to significantly improve the processing time for initial public offerings.

VSE SERVICE STANDARDS

Initial Public Offering (IPO)	90 days
Exchange Offering Prospectus (EOP)	70 days
Venture Capital Pool (VCP)	25 days

The VSE marketing department works collaboratively with members to attract new companies to the Exchange. Our market can play an important role in the development of emerging companies as they grow and mature toward senior market listings. It can also be an effective complement to venture capitalist and other forms of early-stage investment.





For companies considering a listing on the VSE, the marketing department provides a unique consulting service called the Pre-Review Program (PREP). The PREP coordinator provides advice about the VSE listing process and may also provide introductions to Vancouver-based lawyers, accountants, member firms and other consultants who have successfully brought companies to the VSE.

The VSE's commitment to mining remains firm, even as the importance of the non-resource sector increases. As the single largest source of venture capital for junior mining exploration, our Exchange has fostered some of the largest and richest mineral discoveries in history, both in Canada and around the world. On the technology front, the VSE has leveraged its venture capital expertise to support the early development of companies that have gone on to be leaders in their industries.

Building a market for emerging companies is our major goal. At a time when financing early-stage companies can be a formidable challenge, the Vancouver Stock Exchange stands ready, willing and able to assist junior explorers and new technology ventures to secure the funding needed to build their businesses.



"The beaver is industrious and resilient. He works tirelessly to build a safe habitat, shaping from a complex of trees, branches and earthen mortar an enduring structure ideally suited to its purpose."

MAINTAINING AN OPEN AND TRANSPARENT MARKET FOR INVESTORS

The Vancouver Stock Exchange provides investors with a well-regulated, fair and accessible marketplace where they can participate in funding the new businesses and ideas that are fueling today's economy. Our market position as the exchange *Where Business Starts* clearly indicates our niche role in the global economy. The VSE has traditionally raised exploration capital for mining ventures around the world. In recent years, the Exchange has leveraged its venture capital expertise to facilitate the raising of growth capital for new-economy technology and biotechnology companies.

VSE companies are generally classified as "venture capital" investments, which are more speculative and carry a higher risk than "blue chip" companies. Certain investors appreciate the risks and rewards they offer and find them a valuable part of a diversified investment portfolio.

Investors in the VSE market are trying to realize a high return on a modest investment. Our part is to ensure market integrity by providing an open and transparent marketplace, in a balanced regulatory environment, with easy access to market information.





The integrity of the VSE market is enhanced by high-quality companies, automated trading and surveillance and a dynamic website. Each helps to safeguard our market and provide extensive information from which investors and industry professionals can make sound investment decisions with confidence.

The VSE is home to approximately 1,400 listed companies operating in British Columbia, other parts of Canada and around the world. Two-thirds are junior mining ventures and one-third are new-economy ventures in the high technology, biotechnology and other industrial sectors.

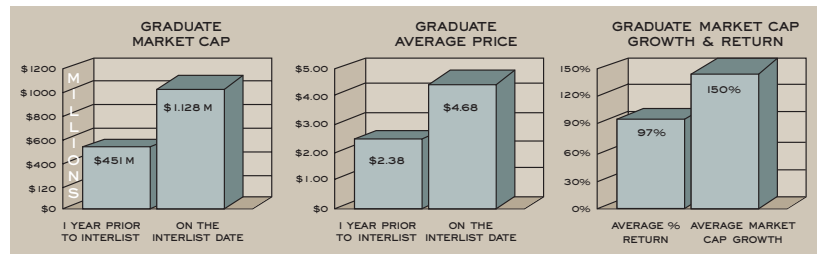
Most VSE companies are in the early phase of their life cycle. Their valuation is founded on the achievement of significant milestones, ranging from the discovery of a diamond or other mineral deposit, to clinical-trial breakthroughs. Going public in a market organized and regulated to support their growth enables companies such as Argentina Gold, The Electric Mail Company and Forbes Medi-Tech to provide a broad spectrum of investors with high-potential investment opportunities.

Following an initial public offering, companies raise additional capital through ongoing public financing rounds. As their capital needs increase, many companies leverage their early success into a joint venture or merger or graduate from the VSE to a senior exchange.

More than 200 VSE-launched companies have graduated to senior exchanges in the past half-dozen years.

VSE graduates consistently out-perform other North American markets in the year prior to their graduation. Prudent investors can identify and take advantage of opportunities presented by these fast-growing companies before they graduate from the VSE and before senior market analysts take notice of their potential.

1996-98 VSE TECHNOLOGY GRADUATES TO SENIOR EXCHANGES



Long an industry leader in the practice of applying technology to strengthen and improve services to investors, the VSE expanded its internet infrastructure in 1998 with VC INFO, a comprehensive listed-company database featuring more than 50 pages of information on each VSE company. VC INFO provides current business-day information and historical data to 1995. Online access to the VSE through the website and VC INFO enables anyone using the internet to access information about our market, at any time, from anywhere in the world. Subscribers can examine complete





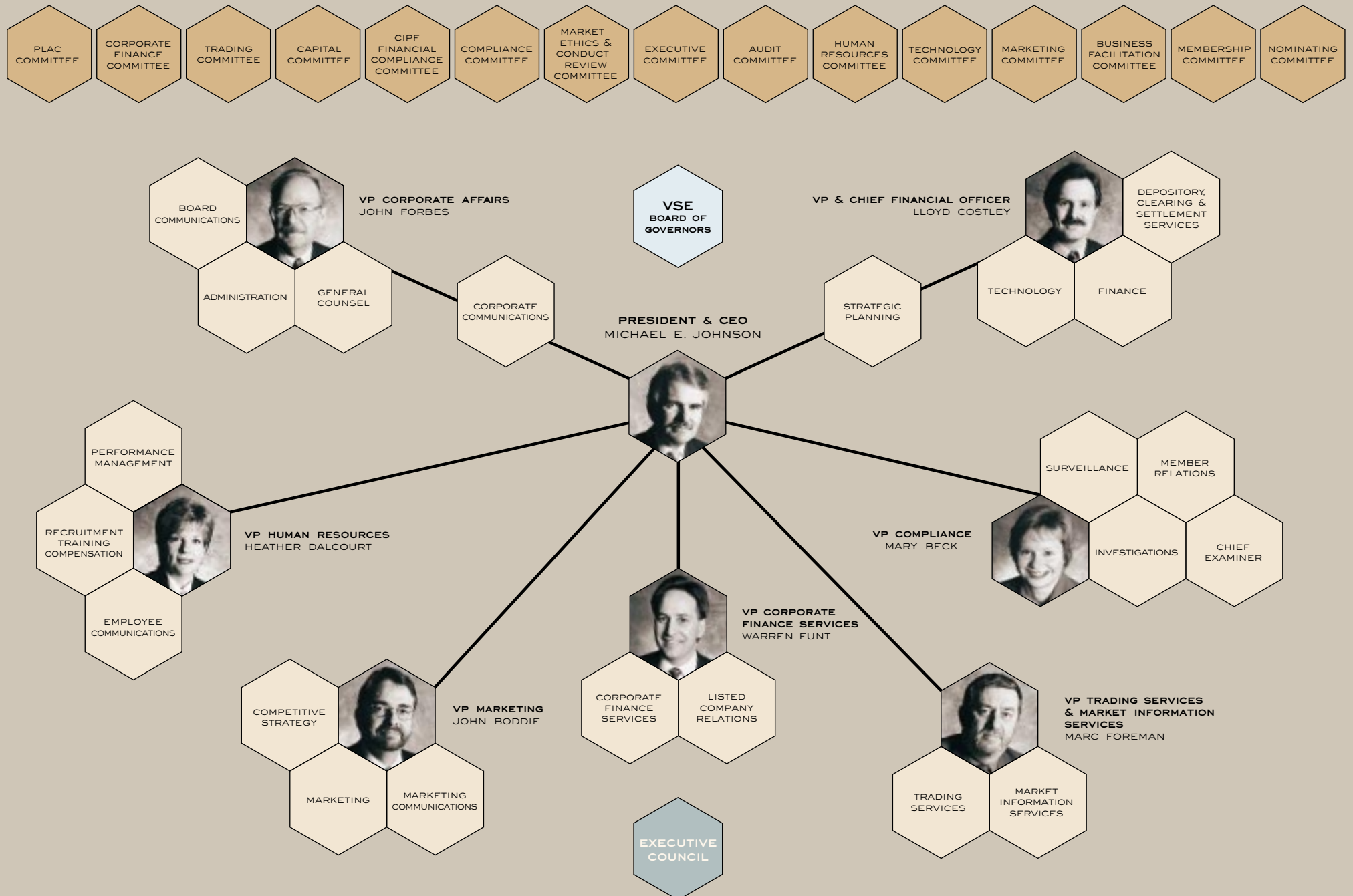
prospectus filings, financial statements, technical reports and insider trading activity as well as the affiliations between directors and their various holdings. VC INFO also offers an effective tracking function that automatically monitors developments for a customized list of companies.

The VSE recognizes the value of fostering an investing public that understands the nature and purpose of venture capital. In 1998, we supplemented our *Junior Mining Standards* booklet with *Technology Standards* and will soon add *Internet Communications Standards*. This trio of VSE publications summarizes the reporting and disclosure obligations of directors and officers and clarifies for investors the standards the Exchange expects from listed companies.

During 92 years as a successful venture capital exchange, the VSE has developed a thorough understanding of venture capital investing and its role in Canada's capital markets. We understand how knowledgeable investors turn the risk and reward potential of equity financing to their advantage. For those who take the time to research and understand the prospective value of VSE listings, finding and growing with a new company can sometimes yield very significant financial rewards. In addition, investors gain the satisfaction of fueling a sector of the economy that is creating jobs to power long-term benefits for Canada.

VANCOUVER STOCK EXCHANGE

ORGANIZATION



AS OF DECEMBER 16, 1998

BOARD OF GOVERNORS

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J.M.I. Bruce
D.N. Burdett
T.Y.C. Chan
M.B. Couvelier
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M.E. Johnson
R. Kunin
J.C. Lay
J.W. McCoach
L.H. McQuid
G.M. Medland
R.G. Rousseau
L. Rubin
T.K. Salman
N.F. Thompson Jr.
D.J. Yea

EXECUTIVE COMMITTEE

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J.C. Lay, Vice-Chair
M.E. Johnson, President & CEO
G.M. Medland, Honorary Secretary-Treasurer
R.B. Ashton
B.S. Bassett
D. Bradstreet Daughney
D.N. Burdett
M.B. Couvelier
N.F. Thompson Jr.

OFFICERS

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Vice-Chair – J.C. Lay
President & CEO – M.E. Johnson
Honorary Secretary -Treasurer – G.M. Medland
Corporate Secretary – J.M. Forbes

COMMITTEE CHAIRS

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Business Facilitation – S.R. Sherwood
Capital – L.H. McQuid
CIPF Financial Compliance – J.C. Lay
Compliance – R.C. Blanchard
Corporate Finance – D.J. Yea
Human Resources – J.C. Lay
Market Ethics and Conduct Review – B.S. Bassett
Membership – T.Y.C. Chan
Marketing – G.M. Medland
Nominating – D. Bradstreet Daughney
Pre-Listing Advisory – F.M. Banducci
Technology – N.F. Thompson Jr.
Trading – K.G. MacPherson



LISTING ON THE VSE

The process of listing on the Vancouver Stock Exchange can be summarized in four steps.

LEARN

Prior to beginning the process of obtaining a listing on the VSE, companies should carefully review the requirements of the Exchange and ensure they meet the minimum criteria for public companies.

- The guidelines for listing on the VSE are summarized in *A Guide to Listing on the VSE*, available from the marketing department.
- Based on the requirements of the Exchange, a business plan should be prepared and all necessary information assembled.

INITIATE

With a preliminary business plan, a company can begin the process of going public.

- If the company has selected a sponsoring member firm, work on the public prospectus can begin.
- The VSE marketing department offers the Pre-Review Program (PREP) to review and comment on a company's business plan. The PREP process identifies any regulatory concerns or areas of deficiency in meeting the minimum requirements. An assessment of the potential to raise the required funds is also provided. If the results of PREP are positive, the VSE may forward the business plan to interested member firms.

SPONSOR

The company selects a member firm to sponsor it as a suitable listing for the Exchange. Once VSE corporate finance staff have accepted the company's listing application, the member firm guides the company through its public offering.

- The member firm sponsor conducts due diligence of the company's history, management, future prospects and financing options.
- The company may obtain initial seed capital prior to the public offering from qualified investors.

TRADE

The company receives approval to initiate trading.

- Directors and officers are expected to understand their responsibilities in operating a public company. The VSE sponsors two courses through Simon Fraser University, *Going Public* and *Continuous Disclosure*, which are recommended for all new directors and officers.
- The company satisfies all ongoing disclosure requirements and other policies of the VSE and the British Columbia Securities Commission.

SUMMARY OF LISTING REQUIREMENTS FOR VENTURE COMPANIES			
MINIMUM LISTING REQUIREMENTS	RESOURCE COMPANY	NON-RESOURCE COMPANY	VENTURE CAPITAL POOL COMPANY
Seed Capital	\$ 175,000	\$ 400,000	\$ 100,000
Seed Capital Price	\$ 0.25	\$ 0.25	\$ 0.10
Prior Expenditure	\$ 100,000	\$ 300,000	n/a
Net Proceeds from Offering	\$ 275,000	\$ 450,000	\$ 200,000 - \$ 500,000
Funds for Asset Development	\$ 100,000	n/a	n/a
Offering Price (shares or units)	\$ 0.30 or \$ 0.40	\$ 0.30 or \$ 0.40	\$ 0.15 - \$ 0.30
Number of Shares in Offering	500,000	600,000	1,000,000
Publicly Held Shares	300,000	300,000	300,000
Number of Shareholders	300	300	300
Unallocated Working Capital	\$ 100,000	\$ 100,000	n/a
Note: There are additional requirements for listing Advanced companies on the VSE.			
			VCP has 18 months to complete a qualifying transaction anywhere in the world, subject to VSE and shareholder approval.

To learn more about raising venture capital on the VSE, please contact the marketing department and request a copy of the listing package.

I-888-LIST VSE



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VSE INFORMATION	HOW TO LIST ON THE VSE	LISTED COMPANY INFORMATION
<p>Website: http://www.vse.ca E-mail: postmaster@vse.ca</p> <p>Vancouver Stock Exchange P.O. Box 10333, 609 Granville Street Vancouver, BC, Canada V7Y 1H1</p> <p>Telephone (604) 689-3334 Facsimile (604) 688-6051</p>	<p>Marketing Department 1-888-LIST VSE Facsimile (604) 488-3121 E-mail: marketing@vse.ca</p> <p>QUESTIONS & CONCERNS</p> <p>President's Action Line (604) 488-3141 E-mail: actionline@vse.ca</p>	<p>VC INFO: http://vcinfo.vse.ca VC INFO is a comprehensive database of listed company information.</p> <p>Interactive Voice Response System available 24 hours a day. Representatives available 7 a.m. to 4 p.m. PT, Monday to Friday. (604) 488-3100</p>

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