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An exchange

- a mutually beneficial trade - is at the very essence of business.

As Canada's exchange for emerging companies,

256 CDNX offers a fair forum for venture class investments.



CDNX represents:

- > Capital formation leading to economic growth.
- > Product and service excellence.
- > Visibility for emerging companies.
- > Fairness, integrity and transparency.

With CDNX, emerging companies and risk-tolerant

investors are offered a rare combination of opportunity and regulation. Early-stage businesses

can raise capital and gain a solid foothold in a public market as they work towards senior exchanges, while investors are offered a fair place to get in on ground floor opportunities with emerging companies.

The regulatory environment is FIT—that is, driven by fairness, integrity and transparency. Listed companies comply with legal and regulatory requirements to ensure a fair market. Investors are provided with the highest degree of trading transparency and depth of information possible to assist with investment decisions.

The goal is clear — build a national venture exchange that is credible, effective and efficient with broad investor participation. For investors and listed companies, that means increased visibility, diversity and enhanced opportunity.

VENTURE
BOARD

WHY LIST

To succeed, emerging companies need one thing — an opportunity to raise capital to grow their businesses. That’s where you’ll find CDNX, supporting Canadian companies at the early stages of their corporate lifecycle.

- CDNX-listed companies raised \$2.37 billion in equity financings in 2000.
- Companies continue to raise the capital they need after going public on CDNX; almost \$2.2 billion was raised in secondary financings in 2000;
- Companies graduating from CDNX represented almost 40 per cent of the TSE’s new listings in 2000. 45 companies graduated to the senior exchange with a combined market cap of more than \$8 billion.
- Angel investors, venture capitalists and entrepreneurs have access to a public source of capital through CDNX.

For the right company, listing on CDNX makes good business sense. Emerging companies receive:

- Access to financings in the \$500,000 to \$20 million range.
- National exposure by listing on Canada’s public venture exchange.
- The opportunity to learn how to manage their business under the regulatory and governance framework established for public companies, before they graduate to senior markets.
- Products and services that meet the unique needs of their emerging company.
- Regional access to the national marketplace, with CDNX offices in Calgary, Toronto, Winnipeg and Vancouver.
- Access to local experts who understand the region’s economic and industry drivers and can help them gain access to a national pool of capital.
- Seminars to educate company builders, management and their advisors on the Exchange’s opportunities.

Emerging companies have different financial needs and pressures than more established businesses. CDNX simplifies the process of raising capital for qualified emerging companies, offering three ways to go public:

1. Initial Public Offering — The traditional way to obtain a listing on a stock exchange. An IPO involves the company completing an application for listing and filing a prospectus. 155 IPOs, worth \$127 million, were completed on CDNX in 2000.

> “CDNX gave us the initial market presence that was necessary to grow the company. The CDNX listing was a ground floor opportunity that gave us the exposure we were looking for that allowed us to springboard forward.”
John F. Driscoll, President, Allied Oil & Gas Corp.

> CDNX financings represents a cross-section of Canadian industries:
oil & gas 7%
financial services 1%
technology 55%
other 23%
mining 11%
manufacturing 3%

2. Capital Pool Company — A unique program that brings an experienced management team together with a company in need of capital and management expertise. More than 1,200 businesses have listed through a CPC since the program’s inception.
3. Reverse Takeover — Allows companies an efficient way to go public. An RTO can include an amalgamation or private company shareholders buying a listed company shell.

CDNX offers a flexible, two-tiered listing system that recognizes that there are different stages of maturity among listed companies.

Tier 1 is reserved for the most advanced issuers. Based on past and present performance, Tier 1 issuers are entitled to simpler filing requirements.

Tier 2 represents innovative, early-stage companies — a rapidly growing segment of the venture market. Tier 2 companies can graduate to Tier 1, subject to meeting eligibility requirements.

The Nortran Pharmaceuticals Inc. Story

In the year before graduating to the TSE, this Vancouver biotech firm saw its share price increase 63 per cent and market cap soar 135 per cent. Nortran raised no private capital. Instead it relied on public markets, explains Bob Rieder, President & CEO, who spent 10 years as a venture capitalist before taking Nortran’s reins.

“CDNX is a very important source of venture financing for companies across North America,” he says. “It represents a viable way to raise money when other sources of financing, for whatever combination of reasons, might not be open or might be on terms that are unacceptable to the company.”

“They have investors who are comfortable with the risk level involved and who are looking for significant rewards. They do a great job connecting the issuers with the investors.”

Moving to the TSE, he says, was a “natural and appropriate progression” in the growth of Nortran.

> Some of the most successful CDNX graduates include:
Avid Oil and Gas Ltd.:
One-year market cap growth 733%, return 187%.
First Quantum Minerals Ltd.:
One-year market cap growth 685%, return 377%.
Centrinity Inc.:
One-year market cap growth 540%, return 217%.

> Average share price increase based on one year before graduation: 195%.
> Average market growth based on one year before graduation: 302%.

> CDNX trading volume was up 49% and value was up 118% in 2000.
> In 2000, 13.8 billion shares were traded on CDNX, worth almost \$16 billion.
> 33% of graduates in 2000 were Ontario and Quebec-based businesses.

> “The general premise is that integrity is very high. With the merger of the junior exchanges, we got the benefits of the Alberta regulatory environment coupled with the high-tech infrastructure from Vancouver. With that combination, we finally found a model that was of interest to institutional investors.” Brian Pow, Senior Technology Analyst and Director of Research, Acumen Capital Finance Partners Ltd.



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WHY

INVEST

CDNX offers a fair place to make venture-class investments — fostering opportunity while maintaining a well-regulated market. Risk-tolerant investors are given the opportunity to stake a claim in emerging companies that can have significant growth potential.

- The average share price increase of CDNX graduates in the one year prior to graduation was 195 per cent in 2000.
- CDNX offers shareholder liquidity with almost 14 billion shares traded in 2000.
- Investors have access to a cross-section of Canadian sectors, from high tech and biotechnology to oil & gas and mining.
- CDNX is a fair place to invest in companies that meet stringent corporate governance requirements.

From rigorous market regulation to best-of-breed exchange technology and diversified investment choices, CDNX has plenty to offer investors:

- A Web site with comprehensive public information for informed investment decisions.
- Listing requirements based on financial performance and sponsorship to increase investor confidence.
- Audits of member firms that sponsor companies to list on CDNX.
- Extensive controls to regulate the companies and the markets they trade within.
- Market regulation that uses advanced technology, such as MindfulEye, a chat room surveillance program.

- In addition to the CDNX Index, three sector indices help investors follow the performance of CDNX technology, mining and oil & gas companies.
- Depth of industry knowledge and expertise in the public venture market is unmatched anywhere in the country.

The EZENET Corp. Story

“Investors could look at our history on CDNX and see there had been a regular and steady increase in the price of our shares,” says Terry Rogers, EZENET’s Vice-President, Business Development. EZENET provides wealth management solutions to the financial services industry. Its market cap jumped 256 per cent on CDNX and its share price more than doubled in the year leading up to its graduation to the TSE.

“For a junior company, we were, needless to say, neophytes when it came to the public environment. Some of the things that you have to do on a senior exchange from a public perspective, we learned at the CDNX level,” he says.

That experience helped EZENET, which used its strong share price to acquire complementary businesses to build the company. “We’ve had very substantial growth,” says Rogers.



INTEGRITY

Transparency and disclosure are at the heart of CDNX. They are integral to a fair and efficient market and provide investors with the necessary confidence to support the public venture market. Listed companies benefit from the strong reputation that comes from being listed on a well-regulated exchange.

As the nation's public venture market, CDNX maintains a credible and fair marketplace that brings together capital and emerging companies. CDNX's reputation is built on market integrity to maintain the confidence of investors and listed companies.

- > “Senior employees in the finance group are accessible and possess considerable knowledge about CDNX and its processes. They’ll happily pitch in and help out at the structuring stage to ensure the regulatory process runs smoothly.” Lawyer Nick Fader, Partner, Bennett Jones.

> More than 60 of Canada’s leading brokerage firms are members of CDNX.

> “CDNX has a clean reputation, a place that protects investors while allowing companies the ability to raise capital and move forward.” Derek Spratt, Chairman & CEO, Intrinsyc Software, Inc.

> Trading System Performance: 99.36%
> System upgraded to handle trading volumes of over 150,000 trades per day — enough to serve all of Canada’s daily market trading.

> InfoCDNX™ provides more than 50 pages of disclosure for every company in one convenient, easy-to-access place.

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Regulation
CDNX strikes the right balance between effective regulation and fostering opportunities for emerging companies. The market regulation structure provides emerging companies with flexibility, while providing standards that allow retail and institutional investors to make educated choices.

By requiring member firms to sponsor companies, there is an extra layer of scrutiny in the process to help protect investors and increase the chances of success for companies that go public. Member sponsors ensure the company’s management is ready for the public markets with a sound business plan and a proper financing strategy in place.

Technology
Integrity is advanced by leading-edge technology. That’s why CDNX deploys a highly reliable trading system to facilitate fast, consistent execution of trades and effective market surveillance. Computerized trading allows CDNX to match buyers and sellers directly. It also intercepts trades and prevents them from taking place if they fall outside the pre-established price and volume parameters.

CDNX’s market regulation function continually employs state-of-the-art technology to keep abreast of market activity. For example, software is now used to monitor Internet chat rooms, a more recent potential influence on trading behaviour. CDNX also actively monitors the public activities of our listed companies to ensure that changes of a material nature are properly disclosed.

But trading systems are only one place where CDNX excels. CDNX technology offers valuable research tools to investors. The Web site enables investors and others to access critical information for investment decisions.

Integrity and visibility are the foundation of CDNX, providing the support and information you need to succeed whether you’re an institutional or retail investor, or a company builder.

WHY

LIST

By maintaining a strong, reputable regulatory process, listed companies have a market where they can grow and flourish. CDNX understands each issuer is unique and works with companies to find flexible and progressive solutions to regulatory requirements. Companies receive:

- A dependable, efficient trading system.
- Guidance on corporate governance, financial reporting and continuous disclosure requirements.
- Regional access to a national pool of capital and a public profile not available through any other means.
- Streamlined services to improve the listing and regulatory processes.
- A PREP program to help companies in the pre-listing stage. CDNX staff can help increase the chances of success by assessing if a company is ready for the public market and referring professionals to help achieve goals.

WHY

INVEST

Investors demand the highest standard of continuous disclosure and fairness. CDNX demands accountability and transparency through stringent regulations specifically designed to maintain the integrity of emerging companies.

CDNX provides consistent policies and policing to listed companies, offering investors added confidence that listed-companies remain true to their disclosure documents. An added check-and-balance requires companies to have a member sponsor before listing, adding confidence to the investing experience. CDNX:

- Imposes rigorous requirements for corporate governance.
- Maintains eligibility requirements for directors.
- Ensures tough continuous disclosure requirements.
- Deploys electronic monitoring, trade analysis and other technical tools to detect market irregularities.
- Provides a Web site with more than 50 pages of information on each listed company for informed investment decisions.



Markets evolve and so will CDNX.

In the future, CDNX will build on its successes,
providing creative and flexible solutions
to improve the ground floor investing opportunities
inherent with emerging companies.

INNOVATION

> “For early-stage companies, CDNX is one of the best ways to raise capital, when traditional venture capital sources are not available.

Liquidity is enhanced by the many market participants.” — Richard Groome, President Groome Capital.com Inc.

> “There’s a conscious effort by people at CDNX to deliver quickly. You can speak to people and they are willing to be creative and work with you. It’s a positive experience.” Lawyer Rick Pawluk, Donahue Ernst & Young.



An Exchange of Innovation

Since information is the backbone of the market, CDNX will continue to deploy Internet technology and keep its Web presence informative and current. CDNX’s Web site (www.cdnx.com) is central to its disclosure initiatives. The Web site features leading-edge data searching tools to help investors sift through information and become better informed.

As the key information section of the CDNX Web site, InfoCDNX features in-depth market information on listed companies and management, ranging from corporate summaries and board of directors lists to news releases and insider trading positions. Whether you’re an investor, listed company or advisor, InfoCDNX has the answers you need.

- Follow trading volumes.
- Read press releases.
- Learn about shareholder meetings.
- Review public filings.
- Obtain market information.
- Find the latest financings.
- Produce quick corporate summaries.
- Track companies.
- Get online help.

To further leverage its Web resources, CDNX is launching an Extranet, or private network, so listed companies, lawyers and corporate finance professionals can do business on the Exchange quickly and more cost effectively.

Investors and companies also receive information through a diverse complement of CDNX information products and services. For example, real-time CDNX stock quotes are distributed internationally through the Canadian Exchange Group that has more than 47,000 subscribers worldwide. CDNX also produces MarketDepth that provides 10,000 subscribers with information about various levels of trade orders and prices on all CDNX-listed securities.

Through this reach and depth of CDNX market information, investors receive the information needed to make informed investment decisions while listed-companies receive a heightened profile and visibility not available through any other means.

CDNX will continue to build on its successful trading engine and adopt new technology where necessary, as well as adding more surveillance tools. TradeCDNX™ is used as the basis for sophisticated surveillance techniques, including the SLEUTH monitoring system that flags unusual trading activity by identifying trades or patterns of trading that fall outside the pre-established price and volume parameters.

Investors receive end-to-end reliability through TradeCDNX, which is managed from the server through the communication network and external router networks right down to the order entry at the brokerage firm’s desktop. This enables CDNX to ensure integrity in all aspects of communication, from start to finish, and provide companies and investors with efficient access to the market.

CDNX has invested heavily in its trading technology to safeguard its reliability, which was an impressive 99.36 per cent in 2000. The TradeCDNX system was upgraded with excess capacity — enough to serve all of Canada’s daily market trading.

> “Without CDNX, the options for small, private companies would be very limiting. Over the next 10 years, CDNX will be recognized as one of the drivers of the Canadian economy.”
Derek Spratt, Chairman & CEO, Intrinsyc Software, Inc.

An Exchange of Opportunity

The road to investing success is a two-way street. In-bound is a steady stream of capital from retail and institutional investors, while out-bound are companies that grow, produce profits and move on to senior markets. As the market's traffic police, CDNX measures its success by the number of companies that continue down the road to a senior exchange. For CDNX, that’s achievement.

CDNX also succeeds when its investors succeed. In 2000, graduates had a total market cap of \$8.37 billion when they moved to the TSE. Average share price increased from \$2.39 one year prior to graduation to \$7.06 at graduation.

CDNX offers investors and listed companies many opportunities in a well-regulated market with credibility, liquidity and leading-edge technology.

Discover for yourself why CDNX is Canada’s exchange for emerging companies. Call a CDNX representative today for more information.

PARTICIPATING ORGANIZATIONS

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