

BULLETIN TYPE: NOTICE TO ISSUERS

BULLETIN DATE: June 15, 2001

RE: Policy 5.9 and Incorporation of OSC Rule 61-501

Effective June 30, 2001, Policy 5.9 will apply to all Issuers regardless of whether they are reporting issuers in Ontario. This policy incorporates OSC Rule 61-501 ("OSC Rule 61-501") as a policy of the Exchange, subject to the addition of certain exemptions. Section 5.6 of OSC Rule 61-501 provides several important exemptions from formal valuation requirements that may be available to Issuers with respect to related party transactions. Such exemptions include related party transactions where: (i) fair market value is not more than 25% of market capitalization; (ii) the transaction size is less than \$500,000; (iii) there is financial hardship; or (iv) a distribution of listed securities pursuant to subsection 5.6(14) of OSC Rule 61-501. Policy 5.9 provides additional exemptions to those listed above including: (i) transactions where the fair market value of the assets is "indeterminate"; (ii) acquisitions or dispositions of oil and gas or mineral resource properties where the Issuer has obtained an independent report; (iii) certain private placement transactions; and (iv) certain transactions involving concurrent financings.

The Exchange has been working with the OSC to assist OSC staff in formulating additional exemptions to be included in OSC Rule 61-501 which would track the exemptions provided for in Policy 5.9. Those additional exemptions will not be in effect on June 30, 2001 and consequently where an Issuer is a reporting issuer in Ontario and is therefore directly subject to Rule 61-501, the Issuer cannot rely upon Policy 5.9 to exempt it from the requirements of Rule 61-501. Until such time as OSC Rule 61-501 is amended to incorporate the additional exemptions in Policy 5.9 Issuers that are reporting issuers in Ontario must make application to the OSC for an exemption. OSC staff has advised that they will consider waiving fees on any application for exemption from OSC Rule 61-501 based upon the applicant's ability to rely on a Policy 5.9 exemption.

In order to assist Issuers that are reporting issuers in Ontario who wish to make such an application to the OSC pursuant to OSC Rule 61-501, please find attached a sample form of letter application to the OSC and a draft form of order (available on CDNX's website at: <http://www.cdnx.com/Listing/CorpFinancePPManual/Default.htm>). Issuers who have any questions about the procedure for making an application for an exemption from the formal valuation requirements in OSC Rule 61-501 should contact:

Ontario Securities Commission
20 Queen Street West, Suite 1900
Toronto, Ontario
M5H 3S8

Attention: Take-over Bids Team
1-416-593-8235

Issuers who have any questions about the procedure for making an application for an exemption from the formal valuation requirements in Policy 5.9 should contact:

Canadian Venture Exchange Inc.
10th Floor, 300 – 5th Avenue S.W.
Calgary, Alberta
T2P 3C4

Attention: G.A. Romanzin
Executive Vice-President
1-403-974-7407

If you have any questions relating to the content of this Bulletin, please contact:

In Vancouver: Susan Copland, Manager, Policy, at (604) 643-6531

In Calgary: Peter Varsanyi, Legal & Policy Counsel, at (403) 974-8616

In Toronto: Janet Becker, Legal & Policy Counsel, at (416) 860-4118
