

THE SECURITIES ACT ) Order No. 3192  
)  
THE MANITOBA SECURITIES )  
COMMISSION RULE 44-501 ) December 19, 2000

MAGELLAN BIOTECH INC.

**WHEREAS:**

(A) Magellan Biotech Inc. (the "Issuer") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to Part 9 of Manitoba Securities Commission Rule 44-501 exempting the Corporation from the requirement of Commission Rule 44-501("Rule 44-501") which provides that every Keystone Company escrow agreement required by Rule 44-501 shall be in the form set out in the schedule to Rule 44-501, and permitting the Corporation to enter an escrow agreement to be deemed for all purposes to comply with Rule 44-501, which agreement shall be a form substantially similar to Form 2F of the Canadian Venture Exchange ("CDNX");

(B) It has been represented to the Commission that:

1.0 The Corporation

1.1 The Corporation was incorporated under the provisions under the *Canada Business Corporations Act* on November 16, 2000.

1.2 The Corporation's registered office is 30<sup>th</sup> Floor, Commodity Exchange Tower, 360 Main Street, Winnipeg, Manitoba, R3C 4G1.

1.3 The Corporation is not subject to Parts X, XI and XII of the Act, however, the Corporation will become subject to those provisions upon the completion by the Corporation of an initial public offering of its common shares and the listing thereof on the CDNX, all pursuant to Rule 44-501.

1.4 The authorized capital of the Corporation consists of an unlimited number of common shares, of which 1,000,000 will be issued and outstanding immediately prior to the initial public offering of common shares of the Corporation.

1.5 The securities of the Corporation are not currently listed on any stock exchange.

2.0 Background

2.1 Rule 44-501 requires all seed capital shares held by directors, officers and other insiders of a Keystone Company to be held pursuant to a Keystone

Company escrow agreement in the form set out in the schedule to the said rule. The schedule to the rule provides a release from escrow of 1/3 of all securities held pursuant to the agreement on each of the first, second, and third anniversaries of the completion of the "Major Transaction", as defined in the WSE Policy and Rule 44-501 (the "Manitoba Escrow Provisions").

2.2 Policy 2.4 of the Canadian Venture Exchange ("CDNX") Corporate Finance Manual provides that escrowed shares of a Capital Pool Company (being the CDNX equivalent to a Keystone Company) may be released from escrow on the following terms:

Release Date	Percentage of Total Escrowed Securities to be Released
Date of Final Exchange Notice	10%
6 Months Following Final Exchange Notice	15%
12 Months Following Final Exchange Notice	15%
18 Months Following Final Exchange Notice	15%
24 Months Following Final Exchange Notice	15%
30 Months Following Final Exchange Notice	15%
36 Months Following Final Exchange Notice	15%
Total	100%

2.3 The WSE is proposing to enter into an agreement with CDNX whereby all WSE listed issuers would be provided the opportunity to become listed on CDNX, and thereafter become subject to the policies and rules of CDNX.

2.4 The Manitoba Escrow Provisions are materially different from the CDNX Escrow Provisions and the National Proposal.

2.5 The prospectus of the Corporation is required to, and will, fully disclose the terms of escrow to which the directors, officers and insiders of the Corporation are subject.

(C) In the opinion of the Commission it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

**1. THAT** pursuant to Part 9 of Manitoba Securities Commission Rule 44-501 the Corporation is exempt from the requirement of section 7.6 of Rule 44-501 provided that the Corporation enter into an escrow agreement in substantially similar form to CDNX Form 2F, such agreement to be in form satisfactory to the Commission and the WSE.

BY ORDER OF THE COMMISSION

Director – Legal