

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR**

AND

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

AND

IN THE MATTER OF

BASIS100 INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from Basis100 Inc. ("Basis100") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by Basis100 of a portion of its outstanding 6.00% Convertible Unsecured Debentures due December 30, 2006 (the "Debentures") pursuant to a formal issuer bid (the "Proposed Bid") the requirements in the Legislation to obtain a valuation of the Debentures (the "Valuation Requirement") shall not apply to Basis100;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Quebec Commission Notice 14-101;

AND WHEREAS Basis100 has represented to the Decision Makers that:

1. Basis100 is a company existing under the *Business Corporations Act* (Ontario) as a result of the amalgamation of e-Net Financial Services (Canada) Inc. and Autrex Inc. on October 25, 1999. Its principal office is located in Toronto, Ontario.
2. Basis100 is authorized to issue an unlimited number of common shares (the "Common Shares"). As of July 4, 2003, Basis100 had outstanding 37,267,657

Common Shares. As of July 4, 2003, Basis100 had outstanding Debentures in the aggregate principal amount of \$20,000,000.

3. Basis100 is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirements of the Legislation. Its Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "BAS". The Debentures are listed and posted for trading on the TSX under the trading symbol "BAS.DB".

4. The Debentures were issued pursuant to an indenture dated as of December 21, 2001 (the "Indenture") between Basis100 and CIBC Mellon Trust Company, as trustee, and distributed pursuant to a short form prospectus dated December 17, 2001.

5. The Indenture provides that Basis100 may purchase for cancellation any or all of the Debentures in the open market by tender or by private contract, subject to any regulatory approval required by law. Also, in the event of a change of control, Basis100 is obligated to make an offer to purchase all the Debentures at a price equal to 101% of the Debenture principal amount. There are no other restrictions upon Basis100's ability to purchase the Debentures and there has not been a change of control.

6. The Debentures are convertible at the Debenture holder's option into Common Shares at any time prior to the earlier of December 30, 2006 and the last business day immediately preceding the date specified for redemption by Basis100. The conversion price for the Debentures is \$3.75 per Common Share, being a rate of approximately 26.67 Common Shares per \$100 principal amount of Debentures.

7. To the knowledge of management of Basis100, no person or company holds more than 10% of the aggregate principal amount of the Debentures other than institutional investors that are not insiders of Basis100.

8. Over the twelve month period prior to July 3, 2003, the Debentures traded at a price range of \$70.00 to \$34.00 per \$100 principal amount of Debentures.

9. As at July 3, 2003, the Debenture closing price on the TSX was \$68.00 per \$100 principal amount of Debentures.

10. The Debentures are convertible into Common Shares at a conversion price which is significantly in excess of the current market price of the Common Shares. On July 3, 2003, the closing price of the Common Shares on the TSX was \$0.61, which was approximately 16.27% of the conversion price of the Debentures at such time. Over the 12 months preceding that date, the Common Shares traded on the TSX in a range between \$1.70 and \$0.33 per Common Share.

11. Under the Proposed Bid, Basis100 intends to acquire up to an aggregate principal amount of \$5,000,000 of Debentures, representing approximately 25% of the outstanding Debentures. Basis100 anticipates using proceeds from the recent sale of some of its assets to fund the Debenture acquisitions.

12. In a letter (the "Opinion Letter") dated July 22, 2003, Griffiths McBurney & Partners ("GMP") advised Basis100 that, in GMP's opinion:

(a) the convertibility feature of the Debentures is of no material value; and

(b) the Debentures trade on the TSX like non-convertible, unsecured debt based on Basis100's underlying creditworthiness.

13. The Proposed Bid will proceed by way of issuer bid circular which will include a summary and a copy of the Opinion Letter.

14. The Proposed Bid will be made in compliance with the requirements in the Legislation applicable to formal bids made by issuers, except to the extent exemptive relief is granted by the Decision Makers.

15. The Proposed Bid will be an "issuer bid" within the meaning of the Legislation in the Jurisdictions because the Debentures are convertible debt securities.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the Decision of each of the Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation 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, in connection with the Proposed Bid, the Valuation Requirement contained in the Legislation shall not apply to Basis100, provided that Basis100 complies with the other requirements in the Legislation applicable to formal bids made by issuers.

July 31, 2003.

"Ralph Shay"