

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
MANITOBA AND ONTARIO

AND

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

AND

IN THE MATTER OF BO GAS LIMITED, BO TECH BURNER SYSTEMS LTD.,
BO DEVELOPMENT ENTERPRISES LTD. AND CLEAN ENERGY COMBUSTION
SYSTEMS, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of British Columbia, Manitoba and Ontario (the "**Jurisdictions**") has received an application from BO Gas Limited ("**BO Gas**"), BO Tech Burner Systems Ltd. ("**BO Tech**") and BO Development Enterprises Ltd. ("**BO Development**", collectively BO Gas, BO Tech and BO Development are referred to as the "**Filers**") for a decision pursuant to the securities legislation of the Jurisdictions (the "**Legislation**") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of the security (the "**Prospectus Requirement**") shall not apply to intended trades in the common stock of Clean Energy Combustion Systems, Inc. ("**Clean Energy**") in connection with the reorganization of the Filers;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS the Filers have represented to the Decision Makers that:

1. Clean Energy is a corporation formed under the laws of the State of Delaware; is a reporting company under the *Securities and Exchange Act of 1934* (United States) (the "**1934 Act**"); is not in default of any requirement of the 1934 Act; and is not now, and has no intention of becoming, a reporting issuer under the Legislation;

2. Clean Energy's authorized capital consists of 15,000,000 shares of common stock and 1,000,000 shares of preferred stock issuable in one or more series having such preferences and rights as determined by the directors of Clean Energy; as at January 23, 2001, 10,390,980 shares of common stock (the "**Clean Energy Shares**") were issued and outstanding and three series of preferred stock had been authorized as follows: 1,000 shares of series "A" preferred stock, 250,001 shares of series "B" preferred stock and 500,000 shares of series "C" preferred stock, of which 1,000 shares of series "A" preferred stock, 250,001 shares of series "B" preferred stock and no series "C" preferred stock were issued and outstanding;

3. the Clean Energy Shares are not currently traded on any exchange or market;
4. BO Development, a corporation formed under the laws of British Columbia, is not now, and has no intention of becoming, a reporting issuer under the Legislation;
5. BO Development's authorized capital consists of 9,995,000 common shares without par value of which 3,170,000 common shares are issued and outstanding, of which 54%, or 1,719,250 common shares, are owned by a founder of BO Development and 46%, or 1,450,750 common shares, are owned by 27 persons, none of whom are related to any of the Filers;
6. BO Tech, a corporation formed under the laws of British Columbia, is not now, and has no intention of becoming, a reporting issuer under the Legislation;
7. BO Tech's authorized capital consists of 100,000,000 common shares of which 8,971,519 common shares are issued and outstanding, of which 56%, or 5,052,198 common shares, are owned by BO Development and 44%, or 3,919,321 common shares, are owned by 53 persons, none of whom are related to any of the Filers;
8. BO Gas, a corporation formed under the laws of British Columbia, is not now, and has no intention of becoming, a reporting issuer under the Legislation;
9. BO Gas' authorized capital consists of 10,000,000 common shares of which all 10,000,000 common shares (the "BO Gas Shares") are issued and outstanding as follows:
 - (a) 58.53% or 5,853,120 of the BO Gas Shares are owned by BO Tech;
 - (b) 20% or 2,000,000 of the BO Gas Shares are owned by the founders of BO Gas;
 - (c) 19.91% or 1,991,288 of the BO Gas Shares (the "**BO Gas Public Shares**") are owned by 130 persons (the "**BO Gas Public Shareholders**") none of whom are related to any of the Filers and of which 108 are resident in British Columbia (the "**BC BO Gas Public Shareholders**"), one is resident in Ontario (the "**Ontario BO Gas Public Shareholder**"), one is resident in Manitoba (the "**Manitoba BO Gas Public Shareholder**") and 20 are resident outside of the Jurisdictions; and
 - (d) 1.56% or 155,592 of the BO Gas Shares are owned by four persons resident in Alberta;
10. certain trades in BO Gas Shares to BO Gas Public Shareholders by BO Gas contravened the Registration Requirement and Prospectus Requirement; as a result of such contraventions, BO Gas and its directors are subject to an order by the British Columbia Securities Commission dated June 23, 2000 (the "**BCSC Order**") which provides, in part, that it may be revoked after BO Gas has sent to each BO Gas Public Shareholder a rescission offer in respect of the BO Gas Shares purchased by such shareholders (the "**Rescission Offer**");

11. in connection with the Rescission Offer, BO Gas will deliver to each BO Gas Public Shareholder a rescission offer circular, a copy of this Decision, certain supplementary information regarding the business of Clean Energy and a fairness opinion prepared by a qualified independent third party stating that the number of Clean Energy Shares a BO Gas Public Shareholder will receive if they reject the Rescission Offer is fair, from a financial point of view, when compared to the amount of cash they will receive if they accept the Rescission Offer (together the "**Disclosure Documents**");

12. the Disclosure Documents will provide prospectus level disclosure regarding BO Gas, Clean Energy and the Rescission Offer;

13. the payment of cash to BO Gas Public Shareholders that accept the Rescission Offer for their BO Gas Shares will be funded by Ravenscraig Properties Limited; as a condition to funding the Rescission Offer, Ravenscraig Properties Limited requires that the first trade by a BO Gas Public Shareholder in Clean Energy Shares that they may acquire in the BO Gas Trades, as defined below, will not be subject to the Prospectus Requirement if such trade is executed on an exchange, or market, outside Canada;

14. the Filers have initiated a reorganization of their businesses which includes the following trades in Clean Energy Shares:

(a) the issuance by Clean Energy of 6,525,713 Clean Energy Shares to BO Tech under the "private issuer" registration and prospectus exemptions in sections 46(j) and 75(a), respectively, of the *Securities Act* (British Columbia)(the "**Clean Energy Trade**");

(b) the distribution by BO Tech of the 6,525,713 Clean Energy Shares it received under the Clean Energy Trade as follows: 753,724 Clean Energy Shares to BO Gas as a gift; 4,684,079 Clean Energy Shares to BO Tech shareholders by way of a dividend *in specie*; and 1,087,910 Clean Energy Shares to five claimants, two of which are resident in British Columbia and three of which are resident outside of the Jurisdictions, as settlement of certain claims against BO Tech and its affiliated companies (the "**BO Tech Trades**");

(c) the distribution by BO Development of the 2,599,084 Clean Energy Shares that it receives in the BO Tech Trades, as a result of BO Development being a shareholder of BO Tech, to the shareholders of BO Development by way of a dividend *in specie* (the "**BO Development Trades**"); and

(d) the distribution by BO Gas of 699,099 of the Clean Energy Shares that it receives in the BO Tech Trades to holders of the BO Gas Public Shares by way of a dividend *in specie* (the "BO Gas Trades");

15. the following conditions will be satisfied before undertaking the BO Gas Trades:

(a) a copy of the Disclosure Documents will be delivered to each BO Gas Public Shareholder;

(b) a person whose registration under the *Securities Act* (British Columbia) permits such person to trade and advise in securities in British Columbia (the "**Registrant**") is retained by BO Gas, at the expense of BO Gas, to assist each BC BO Gas Public Shareholder in deciding whether to accept or reject the Rescission Offer;

(c) the Registrant makes a reasonable effort to contact each of the BC BO Gas Public Shareholders and have each of them open a new client account with the Registrant, so that it may advise each BC BO Gas Public Shareholder on their decision to accept or reject the Rescission Offer;

(d) a BC BO Gas Public Shareholder that becomes a client of the Registrant is advised by the Registrant as to the suitability of their investment decision to accept or reject the Rescission Offer;

(e) BO Gas has paid, or agreed to pay, up to \$500.00 of the reasonable fees charged by a duly registered adviser for advising the Ontario BO Gas Public Shareholder in connection with their decision to accept or reject the Rescission Offer;

(f) BO Gas has paid, or agreed to pay, up to \$500.00 of the reasonable fees charged by a duly registered adviser for advising the Manitoba BO Gas Public Shareholder in connection with their decision to accept or reject the Rescission Offer;

(g) each BO Gas Public Shareholder accepts, rejects or is deemed to reject the Rescission Offer in accordance with its terms;

(h) each BO Gas Public Shareholder that accepts the Rescission Offer is paid in full for their BO Gas Shares in accordance with the terms of the Rescission Offer; and

(i) the BCSC Order is revoked by the Executive Director of the British Columbia Securities Commission;

(collectively the conditions are referred to as the "**BO Gas Trade Conditions**");

16. BO Gas Public Shareholders who accept the Rescission Offer will not participate in the BO Gas Trades, because they will no longer be shareholders in BO Gas as of the record date declared in connection with the dividend that constitutes the BO Gas Trades;

17. at the conclusion of the BO Tech Trades, BO Gas Trades and the BO Development Trades, a maximum of: 7,500 Clean Energy Shares, representing 0.0722% of the total issued common

stock of Clean Energy, will be held by one resident of Manitoba; 17,500 Clean Energy Shares, representing 0.2954% of the total issued common stock of Clean Energy, will be held by five residents of Ontario; and 5,034,256 Clean Energy Shares, representing 48.45% of the total issued common stock of Clean Energy, will be held by 177 residents of British Columbia;

18. there are no exemptions in the Legislation from the Registration Requirement and the Prospectus Requirement for the BO Tech Trades, the BO Development Trades or the BO Gas Trades;

19. there are no exemptions in the Legislation applicable to Manitoba for the offering of the Rescission Offer to the Manitoba BO Gas Public Shareholder;

20. each Canadian resident that is to receive Clean Energy Shares under this Decision will be provided with a copy of Clean Energy's Form SB-2 Registration Statement and most recent Form 10K, both of which have been filed with the SEC; and

21. all Canadian shareholders of Clean Energy will receive the same continuous disclosure materials as the United States shareholders of Clean Energy;

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

1. the BO Tech Trades, BO Development Trades and BO Gas Trades are not subject to the Registration Requirement or the Prospectus Requirement, provided the BO Gas Trade Conditions have been satisfied;

2. a trade in a Clean Energy Share acquired under this Decision is deemed to be a distribution or, where applicable, a primary distribution to the public, unless the Clean Energy Share was acquired by the seller as part of the BO Gas Trades and the trade is executed on or through an exchange, or market, outside Canada; and

3. the trades made in connection with the Rescission Offer involving the Manitoba BO Gas Public Shareholder are not subject to the Registration Requirement or the Prospectus Requirement applicable in Manitoba.

DATED June 13, 2001.

"Brent W. Aitken"
Brent W. Aitken
Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – for registration and prospectus relief in connection with a reorganization plan to cure past distribution deficiencies.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 48 and 76