

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
CLARINGTON CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from Clarington Corporation ("Clarington") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Clarington be deemed to have ceased to be a reporting issuer under the Legislation;

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

AND WHEREAS Clarington has represented to the Decision Makers that:

1. Clarington is a corporation established under the laws of the Province of Ontario. Clarington's head office is located in Toronto, Ontario.
2. Clarington is a reporting issuer in the Jurisdictions. It became a reporting issuer in the Jurisdictions on December 2, 2003, when it received a receipt for a prospectus dated December 1, 2003 (the "Prospectus").
3. Clarington is not in default of any of its obligations under the Legislation as a reporting issuer.
4. The authorized capital of Clarington consists of an unlimited number of common shares ("Common Shares"), of which there are 10,519,140 common shares outstanding.

5. After receiving the receipt for the Prospectus, Clarington withdrew the public offering of the Common Shares contemplated thereby, as announced in its press release dated December 15, 2003.

6. No securities have been, or will be, distributed pursuant to the Prospectus.

7. No securities of Clarington are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

8. Clarington has 45 shareholders, excluding shares directly or indirectly owned or controlled by current and former employees or directors of Clarington. All of Clarington's shareholders acquired the securities of Clarington held by them pursuant to prospectus exemptions under the applicable Legislation prior to the date that Clarington became a reporting issuer in the Jurisdictions. In addition, 46 current and former employees of Clarington hold or control, directly or indirectly, Clarington shares.

9. Clarington has also issued stock compensation options to 30 non-shareholder employees (as well as to 33 of its employees who already directly or indirectly own shares of Clarington). The options are non-transferable, and none has vested on the date hereof. Depending on whether certain conditions are met, including Clarington's business achieving a specified level of growth, the options may become eligible for exercise 5 years following their date of grant, commencing in 2006.

10. According to the books of Clarington, it has the following numbers of security holders whose latest address was in one of the Jurisdictions:

| Jurisdiction | Shareholders | Non-Shareholder Optionees |
|------------------------------|--------------|------------------------------|
| British Columbia | 14 | 3 |
| Alberta | 27 | 2 |
| Saskatchewan | 1 | 0 |
| Manitoba | 1 | 0 |
| Ontario | 43 | 21 |
| Quebec | 2 | 3 |
| Nova Scotia | 0 | 1 |
| Newfoundland and Labrador | 0 | 0 |

11. Clarington has fewer than 15 security holders whose latest address shown on its books are in any of the provinces of Saskatchewan, Nova Scotia and Newfoundland and Labrador.

12. Clarington has no securities, including debt securities, outstanding other than the Common Shares and the options to purchase Common Shares.

13. On January 30, 2004, Clarington issued and filed a press release announcing that it had made application to the securities regulators in all provinces of Canada for an order deeming it to have ceased to be a reporting issuer.

14. Clarington is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer. Following the granting of the relief contemplated hereby, Clarington will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

AND WHEREAS under the System, this MRRS Decision Document evidences the Decision of each Decision Maker.

AND WHEREAS each of the Decision Makers is satisfied that the tests contained in the Legislation that provide the Decision Maker with the jurisdiction to make the Decision have been met.

THE DECISION of the Decision Makers under the Legislation is that Clarington is deemed to have ceased to be a reporting issuer under the Legislation.

February 13, 2004.

Lorne Morphy"

"Robert Korthals"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications -- Issuer filed and obtained a receipt for a final prospectus in each province relating to a proposed initial public offering of common shares -- prospectus was subsequently withdrawn prior to closing of offering -- no securities were distributed under the prospectus -- as a consequence of obtaining receipts for the prospectus, issuer became a reporting issuer in the jurisdictions -- issuer seeking an order that it be deemed to have ceased to be a reporting issuer -- issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.