

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF STRESSGEN BIOTECHNOLOGIES CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from StressGen Biotechnologies Corporation ("StressGen") for a decision under the securities legislation and securities directions of the Jurisdictions (the "Legislation") that the provisions of Section 4.1(2) of National Policy Statement 47 ("NP 47") and section 169 of the Regulations Respecting Securities (Quebec) ("QRRS") (collectively, the "Eligibility Requirements") be waived to permit StressGen to be eligible to participate in the prompt offering qualification system (the "POP System).

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

AND WHEREAS StressGen has represented to the Decision Makers that:

1. StressGen was incorporated on April 5, 1990 under the *Company Act* (British Columbia) and maintains its head office in Victoria, B.C.;
2. StressGen is a biotechnology company which is researching and developing products based on the therapeutic application of stress proteins;
3. StressGen has been a reporting issuer under the Legislation of each of the Jurisdictions for greater than 12 months and, is not in default under any requirement of the Legislation;
4. the authorized share capital of StressGen consists of 125,000,000 shares divided into 100,000,000 Common Shares and 25,000,000 Preferred Shares;
5. as at June 30, 2000, 42,546,344 Common Shares and no Preferred Shares were issued and outstanding;

6. StressGen's Common Shares are currently listed and posted for trading on The Toronto Stock Exchange;

7. the financial year-end of StressGen is December 31;

8. as at December 31, 1999, 32,775,894 Common Shares and no Preferred Shares were issued and outstanding, of which 4,244,603 were beneficially owned, directly or indirectly, or over which control or direction was exercised by Persons (as defined in the Eligibility Requirements) that alone or together with their respective affiliates or Associates (as defined in NP 47 and the QRRS) beneficially owned or exercised control or direction over more than 10% of the Common Shares (the "Insider Shares");

9. the aggregate market value of the Common Shares for the month of December 1999, being the last calendar month of its financial year, calculated in accordance with the Eligibility Requirements was more than \$75,000,000 including the value of the Insider Shares, but was less than \$75,000,000 excluding the value of the Insider Shares;

10. as at June 30, 2000, 42,546,344 Common Shares were issued and outstanding, none of which were Insider Shares, and the aggregate market value of StressGen's Common Shares, calculated in accordance with the Eligibility Requirements was \$261,277,098.50 (based on the arithmetic average closing trading price for the month of June 2000 of \$6.141); and

11. StressGen would be eligible to participate in the POP System on the filing and acceptance of its Initial AIF under Proposed National Instrument 44-101, which would replace the current time period for calculating the aggregate market value of an issuer's equity securities under the Eligibility Requirements for its Initial AIF with a calculation as of a date within 60 days before the filing of the issuer's preliminary short form prospectus;

AND WHEREAS under 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 under the Legislation is that the Eligibility Requirements are waived so that StressGen is eligible to participate in the POP System provided that:

(a) StressGen complies in all other respects with the requirements of NP 47 and the QRRS;

(b) the aggregate market value of the outstanding common shares of StressGen, calculated in accordance with the Eligibility Requirements is \$75,000,000 or more on a date within 60 days before the date of the filing of StressGen's preliminary short form prospectus;

(c) the eligibility certificate to be filed in respect of StressGen's Initial AIF shall state that StressGen satisfies the eligibility criteria set out in sections 4.1(1)(a) and 4.1(1)(b) of NP 47, and shall make reference to this Decision; and

(d) this Decision terminates on the earlier of:

(i) 140 days after the end of StressGen's financial year ended December 31, 2000; and

(ii) the date a renewal AIF is filed by StressGen in respect of its financial year ended December 31, 2000.

DATED on August 8, 2000.

Margaret Sheehy
Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief granted from the eligibility requirements under National Policy Statement No. 47 and applicable Quebec legislation to permit issuer to file initial annual information form - "public float test" to be met on a date within sixty days of filing preliminary short form prospectus

Applicable British Columbia Provisions

National Policy Statement No. 47 sections 4.1(1)(c), 4.1(2)(b)(i) and 4.5