

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

AND

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

AND

IN THE MATTER OF WESTPORT INNOVATIONS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Westport Innovations Inc. (the "Filer") for a decision under the securities legislation and securities directions of the Jurisdictions (the "Legislation") that the requirement (the "Eligibility Requirement"), under National Policy Statement No. 47 and under the applicable securities legislation of Québec (collectively, the "POP Requirements"), that the calculation of the aggregate market value of an issuer's outstanding equity securities be based upon the average closing prices during the last calendar month of the issuer's most recently completed financial year shall not apply to the Filer so as to permit the Filer 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 the Filer has represented to the Decision Makers that:

1. the Filer was incorporated on March 20, 1995 pursuant to the *Business Corporations Act* (Alberta);
2. the principal business office of the Filer is in British Columbia; the registered office of the Filer is in Alberta;
3. the Filer became a reporting issuer, or the equivalent thereof, in the Province of Alberta on August 10, 1995, in the provinces of British Columbia and Ontario on May 15, 1997, in the provinces of Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland on June 26, 1998 and in the Province of Québec on June 25, 1999; to the best of its knowledge, the Filer is not in default under the Legislation in any of the provinces of Canada;

4. the Filer's financial year-end is March 31;

5. the common shares of the Filer are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

6. as at March 31, 1999 (being the Filer's most recent financial year end), the Filer had 27,005,906 common shares issued and outstanding;

7. as at March 31, 1999, the aggregate market value of the Filer's common shares was approximately \$55,667,000 (based on an arithmetic average of the closing trading prices for the month of March, 1999 of \$2.06, as calculated in accordance with the POP Requirements);

8. the Filer completed a private placement of 4,683,854 special warrants on May 12, 1999 resulting in the issue of an additional 4,683,854 common shares of the Filer; the Filer filed and received final receipts in June, 1999 from each of the Decision Makers for a prospectus in respect of the distribution of such common shares;

9. since June 30, 1999, the aggregate market value of the Filer's common shares has been consistently higher than \$75,000,000;

10. as at December 31, 1999, the Filer had 32,369,559 common shares issued and outstanding and the aggregate market value of the Filer's common shares was approximately \$143,736,000 for the month of December, 1999 as calculated in accordance with the POP Requirements;

11. the Filer currently would fulfill the POP Requirements that would enable it to file an initial annual information form (the "Initial AIF") and participate in the POP System but for the fact the aggregate market value of its common shares for the month of March, 1999 was less than \$75,000,000;

12. the Filer would be eligible to participate in the POP System upon 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 POP Requirements for its Initial AIF with a calculation as of a date within sixty (60) days of filing the issuer's preliminary short form prospectus; and

13. the Filer intends to file an Initial AIF shortly and may wish to effect an offering prior to the end of its current financial year and is of the view that a short form prospectus would be the most appropriate vehicle for such an offering;

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 Requirement shall not apply to the Filer provided that:

- (a) the Filer complies in all other respects with the POP Requirements;
- (b) the aggregate market value of the outstanding common shares of the Filer, calculated in accordance with the POP Requirements on a date within sixty (60) days before the date of the filing of the Filer's preliminary short form prospectus is \$75,000,000;
- (c) the eligibility certificate required to be filed in respect of the Filer's Initial AIF may state that the Filer satisfies the Eligibility Requirement in accordance with this Decision; and
- (d) this Decision terminates on the earlier of:
 - (i) 140 days after the end of the Filer's financial year ended March 31, 2000; and
 - (ii) the date a renewal AIF is filed by the Filer in respect of its financial year ended March 31, 2000.

DATED February 10, 2000.

Margaret Sheehy
Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - non reporting issuer granted access to POP System - relief granted from the eligibility requirements under National Policy Statement No. 47 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