

The TSX Venture Exchange CPC Program

A New Way to Obtain Financing and Go Public

By Johanne Duchesne and Sébastien Vézina

The Capital Pool Company (CPC) program (the "CPC Program") is an innovative financing vehicle for growth-oriented companies, providing an interesting alternative to the more traditional initial public offering. It offers a practical and cost effective solution for growth-oriented companies searching for new capital to finance their operations and seeking to go public.

The CPC Program came into effect in Québec in November 2002 and is aimed at both entrepreneurs and seasoned venture capital investors with an interest in devoting their time, capital and expertise to helping growth-oriented companies go public and list on the TSX Venture Exchange.

The Benefits of the CPC Program

- Provides a quick, efficient and economical way to list a company on the stock exchange;
- Offers easy access to capital;
- You retain control of your company;
- Provides your company with increased visibility for its business development.

The Players

You may be interested in the CPC Program if you are either an experienced business leader with a flair for investment opportunities or an entrepreneur at the helm of a fast-growing company in need of new capital. To derive the most benefit from one another, investors and entrepreneurs should exhibit the following qualities and characteristics:

The Investor

- has resources available for investing in seed capital;
- is able to raise capital;
- possesses the background and experience to pinpoint companies with a strong growth potential representing a good investment opportunity;
- has significant experience with public companies operating in a regulated environment;

The Entrepreneur

- operates a company that has successfully negotiated its way through its early start-up stage;
- possesses leading-edge expertise in his industry sector;
- operates a fast-growing company with a need for capital;
- is willing to adapt his management style to fit the requirements of a public company;



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BARRISTERS AND SOLICITORS

Johanne Duchesne holds an MBA in Finance and acts as a special advisor in Securities

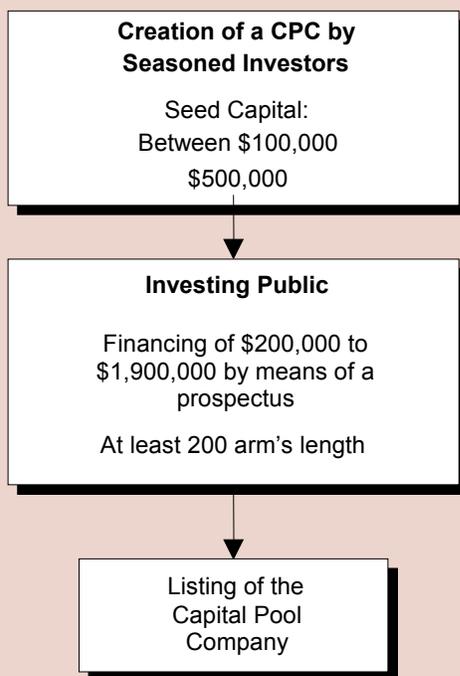


What Are the Steps to Follow?

This unique program is made up of two phases:

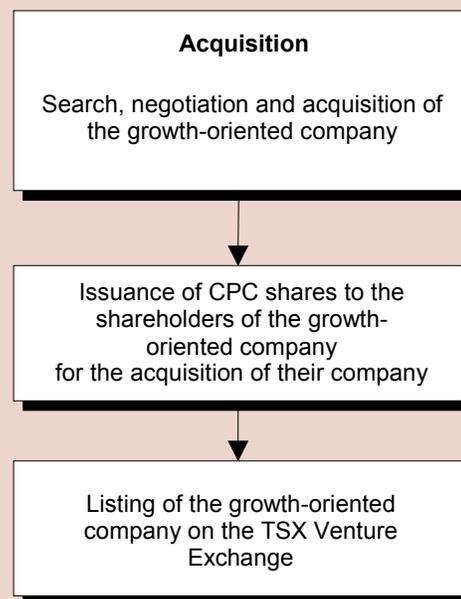
In the first phase, several seasoned investors create a CPC, the sole asset of which is capital raised by way of a private placement and a public offering made by means of a prospectus. The next step is to list the CPC.

Phase 1



In the second phase, the CPC has 18 months to identify, review and acquire a growth-oriented company that represents a good investment opportunity.

Phase 2



Following the two steps described above, the shareholders of the growth-oriented company and those of the CPC will become shareholders of a publicly-listed company.



Sébastien Vézina has been a member of the Quebec Bar since 1999 and specializes in Business Law

Is your Company Eligible?

Any growth-oriented company is eligible to participate in the CPC program, except for financial service companies and mutual funds. At the time of its acquisition by the CPC and its listing, the growth-oriented company must also meet certain listing requirements according to its industry sector. For your reference, the following table sets forth some of the minimum requirement by industry sector:

	Technology and Industry	Research and Development	Real Estate
Net Tangible Assets	\$500,000	\$750,000	\$2,000,000
Working Capital	Sufficient for 12 months and, as the case may require, \$100,000 in unrestricted funds	Sufficient for 12 months, to cover a work program of a minimum of \$500,000 and \$100,000 in unrestricted funds	Sufficient for 12 months
Earnings or Revenue	Either zero profits or profit before tax of \$50,000 for the last financial year or for two of its last three financial years or operating income of \$250,000, as the case may be	No requirement	No requirement

Are You Interested?

We can help you, whether you are an entrepreneur searching for a CPC or an investor with experience in the financial markets who is interested in creating a CPC. Please do not hesitate to contact any member of our team. They will be able to advise you and to put you in touch with investors or entrepreneurs.

Johanne Duchesne
Sébastien Vézina

You can contact any of the following members of the Business Law group in relation with this bulletin.

At our Montréal Office

Philippe Asselin
Josianne Beaudry
Diane Bellavance
Fabienne Benoit
Pascale Blanchet
Michel Blouin
Valérie Boucher
Patrick Bourbeau
Serge Bourque
René Branchaud
Patrick Buchholz
Pierre Cadotte
Pierre Caron
André Champagne
Pierre Denis
Pierre d'Etcheverry
Richard F. Dolan
Georges Dubé
Caroline Émond
David M. Eramian
Michèle Gamache

Marie-Andrée Gravel
Benjamin Gross
Martin Joyal
Isabelle Lamarre
André Laurin
Alexandra Lee
Corinne Lemire
Larry Markowitz
Jean Martel
Nicole Messier
Philip Nolan
André Paquette
Luc Pariseau
Jacques Paul-Hus
Stéphanie Séguin
Michel Servant
Eric Stevenson
Marc Talbot
Patrice André Vaillancourt
Sébastien Vézina

At our Québec City Office

Michel C. Bernier
Martin J. Edwards
Jacques R. Gingras
Stéphane Harvey
Claude Lacroix
Simon Lemay
Marie-Élaine Racine
Jean-Philippe Riverin
Louis Rochette
Claude Thériault
Sophie Verville

At our Laval Office

Michel M. Dagenais
Claire Gonneville

Montréal

Suite 4000
1 Place Ville Marie
Montréal, Québec
H3B 4M4

Telephone:
(514) 871-1522
Fax:
(514) 871-8977

Québec City

Suite 500
925 chemin Saint-Louis
Québec City, Québec
G1S 1C1

Telephone:
(418) 688-5000
Fax:
(418) 688-3458

Laval

Suite 500
3080 boul. Le Carrefour
Laval, Québec
H7T 2R5

Telephone:
(450) 978-8100
Fax:
(450) 978-8111

Ottawa

Suite 1810
360 Albert Street
Ottawa, Ontario
K1R 7X7

Telephone:
(613) 594-4936
Fax:
(613) 594-8783

Web Site

www.laverydebilly.com

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