

THE SECURITIES ACT) Order No. 3728
)
Section 20) April 24, 2002

DALSA CORPORATION

WHEREAS:

(A) Application has been made by DALSA Corporation (the "Applicant") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (as amended) (the "Act") that certain trades in securities of the Applicant shall be exempt from sections 6 and 37 of the Act.

(B) It has been represented to the Commission by the Applicant that:

1. The Applicant was incorporated under the laws of Ontario by certificate of incorporation dated January 16, 1996. The Applicant's registered head office is located at 605 McMurray Road, Waterloo, Ontario, Canada, N2V 2E9.
2. The Applicant is an international digital imaging solutions company, which designs, develops, manufactures and markets high performance image sensors, electronic cameras and vision systems.
3. The authorized share capital of the Applicant consists of an unlimited number of common shares ("Common Shares") and an unlimited number of preferred shares, issuable in series. As at February 19, 2002, the issued and outstanding share capital of the Applicant consisted of 12,064,249 Common Shares and no preferred shares. The Applicant's Common Shares are listed and posted for trading on the Toronto Stock Exchange.
4. The Applicant is a reporting issuer or the equivalent in Manitoba, British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland.
5. The Applicant offered the Special Warrants in each of Manitoba, Alberta, British Columbia, Ontario and Quebec (the "Selling Jurisdictions") pursuant to exemptions from the registration and prospectus requirements contained in the securities legislation of each of the Selling Jurisdictions. Each purchaser of Special Warrants (a "Purchaser") was required to complete a subscription agreement (a "Subscription Agreement") which set out the terms and conditions of the Special Warrants and the Offering. The terms and conditions pertaining to the Special Warrants were described in an Underwriting Agreement dated March 13, 2000 between the Applicant, Yorkton Securities Inc., CIBC World Markets Inc. and Acumen Capital Finance Partners Limited (the "Underwriting Agreement"). Each Special Warrant, upon exercise, entitles a holder, subject to

adjustment, to 1 Common Share of the Applicant (the "Underlying Common Shares").

6. A short form prospectus (the "Prospectus") will be filed with the Commission and in each of the Selling Jurisdictions in order to qualify the Underlying Common Shares for primary distribution to the public.

7. The Special Warrants were issued pursuant to, and the exercise thereof shall be governed by, the provisions of a Special Warrant Indenture (the "Special Warrant Indenture") between the Corporation, Yorkton Securities Inc. and Computershare Trust Company of Canada (the "Special Warrant Trustee").

8. The Special Warrants will be automatically exercised into Underlying Common Shares in the following circumstances:

(a) If a receipt is issued for the Prospectus in a Selling Jurisdiction in which a holder of Special Warrants (a "Holder") is resident, any Special Warrants held by such Holder and not exercised by the sixth business day after the date of such receipt, shall be exercised by the Special Warrant Trustee on behalf of the Holder thereof, without any further action on the part of such Holder, immediately prior to 4:30 p.m. (Toronto time) on such day;

(b) Any Special Warrants not exercised by the sixth business day after the date (the "Qualification Date") on which a receipt for the Prospectus is issued by the securities regulatory authority in the last Selling Jurisdiction to issue such receipt, shall be exercised by the Special Warrant Trustee on behalf of the Holders thereof, without any further action on the part of such Holders, immediately prior to 4:30 p.m. (Toronto time) on such day; and

(c) Any Special Warrants not exercised by the date which is one year after February 4, 2002 shall be exercised by the Special Warrant Trustee on behalf of the Holder thereof, without any further action on the part of such Holders, immediately prior to 4:30 p.m. (Toronto time) on such day,

(collectively the "Automatic Conversions").

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act all trades in connection with the Automatic Conversions shall be exempt from sections 6 and 37 of the Act provided that no commission or

other remuneration is paid or given to any person in respect of such trades except for ministerial or professional services or for services performed by a person or company registered for trading in securities under the Act.

2. THAT the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

Deputy-Director