

**THE SECURITIES ACT**

)

**Order No. 4073**

)

**Section 20**

)

**March 12, 2003**

**INVIRO MEDICAL INC.**

**WHEREAS:**

(A) Inviro Medical Inc. ("Inviro") has applied 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 (the "Act"), exempting from sections 6 and 37 of the Act, trades in securities in connection with Inviro's proposed offering (the "Offering") of up to 2,000,000 Special Warrants (the "Warrants") in the capital stock of Inviro for an aggregate subscription price of up to USD \$4,000,000;

(B) Inviro has represented to the Commission that:

1. Inviro is a corporation incorporated under the laws of Canada and has its head office in Vancouver, British Columbia. It is not a reporting issuer (or the equivalent thereof) in any Province or Territory of Canada or the U.S. and to the best knowledge of Inviro, it is not in default of any of the requirements of the Act.
2. Inviro's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. Of the authorized capital of Inviro, 250,001 common shares are issued and outstanding as of this date.
3. Inviro was incorporated for the purpose of providing executive and administrative services to Inviro Nevada and to facilitate this Offering and the Inviro Reorganization (described below). Inviro Nevada, which Inviro will acquire at least 66 2/3% and up to 100% of the shares of pursuant to the Inviro Reorganization, is engaged in the business of the design, manufacture and sale of safety medical products. Specifically, Inviro Nevada has designed, engineered and patented a proprietary safety syringe for which it has also completed market-testing and received approval from the U.S. Federal Food and Drug Agency. Inviro Barbados is the owner of certain intellectual property used in the business of Inviro Nevada and licensed to Inviro Nevada on a world wide basis.
4. The Offering is being made pursuant to an offering memorandum (the "OM") to be completed in accordance with the form requirements of the existing Multilateral Instrument 45-103 – Capital Raising Exemptions ("MI 45-103") and the proposed amendments to Multilateral Instrument 45-103 – Capital Raising Exemptions (the "Proposed New MI 45-103") published pursuant to MSC Notice 2002-38 (the "MSC Notice").

5. The Offering is for a minimum of 500,000 Warrants to a maximum of 2,000,000 warrants at \$2.00USD per Warrant. The Warrants are convertible into Series A convertible preferred shares of Inviro (the "Preferred Shares") which will be deemed to be exercised as of a certain date which is determined in the manner described in the Offering Memorandum. The Warrants are automatically convertible into Preferred Shares at a certain date as described in the Offering Memorandum (the "Automatic Conversion"). The Preferred Shares are convertible into common shares ("Common Shares") of Inviro upon the occurrence of certain events as described in the Offering Memorandum (the Preferred Shares and the Common Shares are referred to collectively as the "Underlying Securities").

6. It is anticipated that the Offering will be completed on an exempt basis in the Provinces of British Columbia and Alberta in reliance upon the "offering memorandum exemption" provided for in section 4.1 of MI 45-103 and in Ontario in reliance upon the "accredited investor exemption" provided for in section 2.3 of Ontario Securities Commission Rule 45-501 – Exempt Distributions ("Rule 45-501").

7. Following completion of the Offering, Inviro and its affiliated corporations are going to be reorganized by way of a statutory plan of arrangement under the *Canada Business Corporations Act* and/or the Nevada Revised Statutes so that they are all owned by Inviro (these transactions are referred to as the "Inviro Reorganization"). Pursuant to the Inviro Reorganization, Inviro will acquire directly and/or indirectly at least 66 2/3% and up to 100% of Inviro Medical Devices, Inc. ("Inviro Nevada"), a corporation incorporated under the laws of the State of Nevada. Inviro will also acquire 100% of Inviro Medical Devices Limited ("Inviro Barbados") a corporation incorporated under the laws of Barbados, pursuant to the Inviro Reorganization.

8. The Warrants will be offered to persons resident in or otherwise subject to the securities legislation of, the Provinces of British Columbia and Alberta in reliance upon the exemption from the registration and prospectus requirements of the securities legislation of such Provinces afforded to Inviro under the "offering memorandum exemption" provided for in section 4.1 of MI 45-103 (the "OM Exemption").

9. The Warrants will be offered to persons resident in or otherwise subject to the securities legislation of the Province of Ontario in reliance upon the exemption from the registration and prospectus requirements of the securities legislation of Ontario afforded Inviro under the "accredited investor exemption" provided for in section 2.3 of Rule 45-501.

10. The Warrants may also be offered to persons resident in or otherwise subject to the securities legislation applicable within the United States of America in reliance upon applicable "accredited investor" private placement exemptions.

11. In order to rely on the OM Exemption, Inviro is required to prepare and distribute to potential purchasers of the Warrants in the Provinces of British Columbia and Alberta an offering memorandum in accordance with the requirements of MI 45-103.

12. As MI 45-103 has been adopted as a rule only in the Provinces of British Columbia and Alberta, the exemptions available thereunder are not available to Inviro in the Province of Manitoba.

13. Pursuant to the Offering, Inviro wishes to issue Warrants to residents of Manitoba on substantially the same basis as it is being made in British Columbia and Alberta.

14. In Manitoba a subscriber will have to be either an "eligible investor", or else subscribing for securities worth CDN\$10,000 or less, as provided in the OM Exemption.

(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, trades in the Warrants under the Offering are exempt from sections 6 and 37 of the Act, provided that:

(a) Inviro shall prepare and file the OM with the Commission on or before the 10<sup>th</sup> day after each distribution under the OM or update of the OM.

(b) The OM shall contain a statement to the effect that the Offering is being conducted in the Province of Manitoba pursuant to this Order and as such the protections normally available under the Act are not available in this instance.

(c) The OM shall contain contractual rights of action as described in s. 4.3 of Proposed New MI 45-103.

(d) Each purchaser resident in or otherwise subject to the securities laws of Manitoba purchases the security as principal and at the same time or before the purchaser signs the agreement to purchase the security:

(i) Inviro delivers to the purchaser a copy of the OM and a copy of the Order;

(ii) Inviro obtains a signed risk acknowledgement from the purchaser in compliance with section 4.5(1) of Proposed New MI 45-103; and

(iii) unless the purchaser is an eligible investor (as that term is defined in Proposed New MI 45-103), the maximum subscription for purchasers resident in or otherwise subject to the securities legislation of the Province of Manitoba will be CDN\$10,000.

(e) Inviro retains the signed risk acknowledgement referred to in clause 1(d)(ii) above for eight years after the completion of the Offering.

(f) All consideration received from the purchaser in connection with a trade in the Warrants is held in trust until midnight on the 2nd business day after the purchaser signs the agreement to purchase the securities.

(g) Inviro returns all consideration to a purchaser promptly if that purchaser exercises the right to cancel the agreement to purchase the security by delivering a notice to Inviro not later than midnight on the 2nd business day after the purchaser signs the agreement to purchase the security.

(h) The Offering is completed within 180 days from the date of this Order.

(i) Inviro files a Form 45-103F4 report as contemplated by Proposed New MI 45-103 with the Commission on or before the 10th day after the completion of the Offering.

(j) Purchasers who acquire Warrants issued under the Offering may not trade the Warrants (or the Underlying Securities, as applicable) without the prior written consent of the Director, until the earlier of

(i) the date Inviro has filed a prospectus with the Commission in Manitoba with respect to the Warrants (or the Underlying Securities, as applicable) and has obtained a receipt for that prospectus,

(ii) the date that is 12 months from the date the Warrants were purchased,

unless the Director consents to the trade, which consent will be given if the Director is of the opinion that it would not be prejudicial to the public interest to do so.

**2. THAT**, pursuant to section 20(1) of the Act, all trades in connection with the Automatic Conversion 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.

**3. THAT** the fee for this Order is \$1,000.00

**BY ORDER OF THE COMMISSION**

**Chair**