

THE SECURITIES ACT) Order No. 5650
)
Section 148(1)) March 26, 2008

Kasten Chase Applied Research Limited

WHEREAS:

(A) The securities of Kasten Chase Applied Research Limited (the "Company") were subject to a temporary cease trade order dated September 18, 2006 made by The Manitoba Securities Commission (the "Commission") under section 148(1) of *The Securities Act* (Manitoba) (the "Act") (the "Temporary Cease Trade Order") ordering that all trading in the securities of the Company cease for a period of fifteen days from the date of the Temporary Cease Trade Order;

(B) The securities of the Company are subject to a cease trade order dated October 3, 2006 made by the Commission under section 148(1) of the Act (the "Cease Trade Order") ordering that trading in the securities of the Company cease until further ordered by the Commission;

(C) The Company has applied to the Commission for a revocation of the Cease Trade Order pursuant to section 148(1) of the Act (the "Application");

(D) The Company has represented to the Commission that:

1. The Company was amalgamated on January 1, 2004 under the *Business Corporations Act* (Ontario) (the "OBCA"), with its head office in Mississauga, Ontario, and subsequently continued (the "Continuance") into Alberta pursuant to the *Business Corporations Act* (Alberta) (the "ABCA") on July 24, 2007. The Company's fiscal year end is December 31.

2. The Company is a reporting issuer in the provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba and Quebec.

3. The Company is authorized to issue an unlimited number of common shares of which 57,481,068 are issued and outstanding (the "Common Shares"). Other than the Common Shares, the Company has no securities, including debt securities, outstanding. The Common Shares of the Company are not listed or quoted on any exchange or market in Canada or elsewhere. The Company is also authorized to issue an unlimited number of preferred shares, issuable in series and up to 2,804,631 non-voting convertible redeemable preferred shares, which classes of securities existed prior to the Continuance and none of which are issued or outstanding. Upon the Continuance, the Company created a class of non-voting common shares, none of which are issued or outstanding.

4. On June 2, 2006, the Company ceased operations and filed for an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"). Ernst & Young LLP was appointed as the trustee in bankruptcy (the "Trustee"). The Trustee's appointment was confirmed at the first meeting of creditors, which was held on June 20, 2006.

5. On June 30, 2006, the Common Shares of the Company were delisted from the Toronto Stock Exchange (the "TSX") for failure to meet the continued listing requirements of the TSX.

6. In 2006, the British Columbia Securities Commission, the Ontario Securities Commission and the Autorité des Marchés Financiers issued cease trade orders for failure to file interim financial statements for the six-month period ended June 30, 2006 and the related management's discussion and analysis.

7. On November 23, 2006, the Trustee obtained a court order authorizing the Trustee to prepare and file a proposal pursuant to the BIA (the "Proposal") in order to have the bankruptcy annulled. The Proposal was approved by a majority of creditors on December 7, 2006 and by the court on December 22, 2006. The bankruptcy has since been annulled.

8. On February 2, 2007, the Alberta Securities Commission issued a cease trade order against the Company for failure to file interim financial statements for the six-month period ended June 30, 2006 and the nine-month period ended September 30, 2006.

9. The Saskatchewan Financial Services Commission (the "SFSC") has not issued a cease trade order against the Company; however, the Company is currently noted in default on the SFSC's list of reporting issuers (the "Saskatchewan Default Notation") for failure to file interim financial statements for the six-month period ended June 30, 2006 and the nine-month period ended September 30, 2006, the related management's discussion and analysis and the related Chief Executive Officer and Chief Financial Officer certifications for these financial statements under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the "MI 52-109 Certifications"). The Company understands that upon revocation of the Cease Trade Order, the SFSC will be prepared to remove the Saskatchewan Default Notation.

10. On February 19, 2007, the Company held a special meeting of shareholders (the "Special Meeting") pursuant to a notice of meeting filed on January 9, 2007 and an information circular filed on January 31, 2007 (the "Information Circular") where, among other things, the following matters were approved by the requisite vote of shareholders:

- (a) the fixing of the number of members of the board of directors to be elected at five;

- (b) the election of the directors of the Company;
- (c) the appointment of KPMG LLP, Chartered Accountants, as the auditors of the Company;
- (d) the passing of a special resolution approving:
 - (i) an investment proposal (the "Investment Proposal") of Nova Bancorp Ltd. ("Nova Bancorp") including the (i) the subscription by Nova Bancorp and/or certain nominees for Common Shares for aggregate subscription proceeds of \$200,000 and (ii) the subscription by Nova Bancorp and/or certain nominees for a principal amount of \$1,250,000 in interest bearing secured notes of the Company;
 - (ii) the declaration of a dividend in connection with the Investment Proposal;
 - (iii) the amendment of the Company's articles to consolidate the number of authorized, issued and outstanding Common Shares on the basis of one consolidated Common Share for up to a maximum of each ten issued and outstanding Common Shares (the "Consolidation Resolution");
 - (iv) the Continuance; and
 - (v) the amendment of the Company's articles to create a class of non-voting common shares (the "Capital Reorganization Resolution"); and
- (e) the passing of an ordinary resolution to approve:
 - (i) the repeal of the Company's existing by-laws and the adoption of new by-laws following the Continuance; and
 - (ii) a new stock option plan for the Company.

11. The Information Circular, prepared in accordance with Form 51-102F5 *Information Circular* under National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102"), and form of proxy for the Special Meeting were mailed to the registered holders and beneficial owners of securities of the Company in accordance with applicable securities legislation and the OBCA.

12. The Company filed via SEDAR, on September 27, 2007, audited annual financial statements for the year ended December 31, 2006, the related management's discussion and analysis and the related MI 52-109 Certifications (collectively, the "2006 Annual Financial Statements").

13. The Company filed via SEDAR:

(a) on September 27, 2007, interim financial statements for the three-month period ended March 31, 2007 and the six-month period ended June 30, 2007, the related management's discussion and analysis and the related MI 52-109 Certifications (corrected versions of the related MI 52-109 Certifications were subsequently filed on February 22, 2008); and

(b) on November 29, 2007, interim financial statements for the nine-month period ended September 30, 2007, the related management's discussion and analysis and the related MI 52-109 Certifications,

(collectively, the "2007 Interim Financial Statements").

14. As the Company was delisted from the TSX on June 30, 2006, it is a "venture issuer" as such term is defined in subsection 1.1(1) of NI 51-102 and is therefore not required to file an annual information form for the year ended December 31, 2006, pursuant to section 6.1 of NI 51-102.

15. On February 21, 2008, the Company filed a copy of its certificate and articles of continuance on SEDAR. The certificate and articles of continuance of the Company effected the Capital Reorganization Resolution, but not the Consolidation Resolution. The Company has not yet adopted new by-laws as a result of the Continuance, but plans to do so following revocation of the Cease Trade Order. Forthwith after they are adopted, the Company will file a copy of the new by-laws on SEDAR.

16. Except for the filing of interim financial statements and related management's discussion and analysis for the six-month period ended June 30, 2006 and the nine-month period ended September 30, 2006, both periods which occurred prior to and in the same year as the 2006 Annual Financial Statements, the Company is up-to-date on its continuous disclosure obligations.

17. Other than a confirmation letter executed by the Trustee and Nova Bancorp dated December 21, 2006 (the "Confirmation Letter") setting out the terms of the Investment Proposal and transactions contemplated thereunder, the Company has not entered into any letters of intent, contracts or agreements in respect of the Investment Proposal or the transactions contemplated thereunder, nor has the Company accepted any subscriptions for its securities or provided any

undertakings to issue its securities. On February 26, 2008, the Company has filed a copy of the Confirmation Letter on SEDAR as a material contract.

18. Prior to bankruptcy, the Company's business involved the development and application of technology to provide secure information management solutions for stored data, secure workgroup collaboration, and secure remote access to enterprise networks.

19. The Company has no immediate business plans following the revocation of the Cease Trade Order other than to search for a business with high-growth potential (a "Prospect Company"), which could benefit from a transaction with the Company thereby allowing the Prospect Company to benefit from the tax attributes of the Company.

20. The Company has not had any "material changes" within the meaning of the Act since it was first cease traded by the British Columbia Securities Commission on September 15, 2006 and is not in default of requirements to file material change reports under applicable securities legislation.

21. The Company is not in default of any requirement in applicable securities legislation in any jurisdiction, except for (a) the existence of the Cease Trade Order, (b) the existence of similar orders in British Columbia, Alberta, Ontario and Quebec; (c) the Saskatchewan Default Notation; (d) failure to comply with the delivery of financial statement and MD&A requirements in sections 4.6 and 5.6 of NI 51-102; (e) failure to include in the Information Circular the disclosure required by Form 52-110F2 under Multilateral Instrument 52-110 *Audit Committees* and by Form 58-101F2 under National Instrument 58-101 *Disclosure of Corporate Governance Practices*; and (f) the possible contravention of the Cease Trade Order described in paragraph 22 below. To remedy the default described in (d) above, the Company will mail the 2006 Annual Financial Statements, the 2007 Interim Financial Statements and any other financial statements and related MD&A filed after the 2007 Interim Financial Statements, with the management information circular that will be sent to the registered and beneficial owners of its securities in connection with its next annual meeting (the "Next Information Circular"). To remedy the defaults described in (e) above, the Company will include the disclosure required by Form 52-110F2 and Form 58-101F2 in the Next Information Circular.

22. Although the Confirmation Letter, the Investment Proposal and the Information Circular contemplated the revocation of the Cease Trade Order before any securities of the Company were issued, the Company's actions in entering into the Confirmation Letter and holding a shareholders' meeting to approve the Investment Proposal may have contravened the terms of the Cease Trade Order since they contemplated issuance of the Company's securities to Nova Bancorp.

23. The Company's SEDAR profile and SEDI issuer profile supplement are up-to-date.

24. The Company has paid all outstanding filing fees, participation fees and late filing fees, as applicable, in each of the jurisdictions in which it is a reporting issuer.

25. The Company has not held annual shareholders meetings since the time it was cease traded. Therefore, prior to the Continuance, the Company was in default of the requirement to hold an annual meeting pursuant to clause 94(1)(a) of the OBCA. Since the Continuance, the Company has been in default of the requirement to hold an annual meeting pursuant to clause 132(1)(b) of the ABCA. The Company has provided the Commission with an undertaking that it will hold an annual meeting within three months after the date on which the Cease Trade Order is revoked.

26. The Company has concurrently filed applications for revocations of cease trade orders with each of the British Columbia Securities Commission, the Alberta Securities Commission, the Ontario Securities Commission and the Autorité des Marchés Financiers. The Company is not subject to a cease trade order in any other jurisdiction.

27. Forthwith after the revocation of the Cease Trade Order, the Company will issue and file a news release and file a material change report on SEDAR disclosing the revocation of the Cease Trade Order and outlining the Company's future plans.

(E) In view of the forgoing, I am of the opinion that that it would not be prejudicial to the public interest to revoke the Cease Trade Order.

I HEREBY ORDER pursuant to a delegation to me by the Commission under subsection 4(1) of the Act of the powers in that behalf:

1. **THAT** pursuant to section 148(1) of the Act, the Cease Trade Order is hereby revoked.

"R.B. Bouchard"

R. B. Bouchard

Director – Corporate Finance