THE SECURITIES ACT)	Order No. 4110
)	
Section 20)	April 30, 2003

PINNACLE RIDGE CONDOMINIUMS LTD.

WHEREAS:

- (A) Pinnacle Ridge Condominiums Ltd. ("Pinnacle") 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 section 6 and 37 of the Act trades in securities in connection with Pinnacle's offering of up to a maximum of 7,500 \$1,000 principal amount secured 12% debentures (the "Debentures").
- (B) Pinnacle has represented to the Commission that:
 - 1. Pinnacle is a corporation incorporated under the laws of Alberta and is a wholly-owned subsidiary of Venstar Development Inc., which is a wholly-owned subsidiary of Venstar Inc., a public company listed on the TSX Venture Exchange (VSR.A).
 - 2. The head and registered office of the Corporation is located at Suite 100, 10325 Bonaventure Drive, SE, Calgary, Alberta T2J 7E4.
 - 3. The securities of Pinnacle have not been offered to the public by prospectus nor are any if its securities listed on any stock exchange.
 - 4. Pinnacle is currently offering (the "Offering") up to a maximum of 7,500 Debentures pursuant to which it proposes to raise a maximum of \$7,500,000. The Offering is subject to a minimum of \$900,000 being raised on or before July 29, 2003, failing which subscription funds will be returned, except where an investor has agreed to an extension of that date. Investors are required to invest a minimum of \$10,000.
 - 5. The principal business of Pinnacle is the development of a luxury condominium project located in Edmonton, Alberta (the "Project"). Currently, the Corporation has acquired the applicable land upon which the Project will be developed and has conducted various development and financing activities as developer of the Project.
 - 6. The net proceeds of the Offering will principally be used for the development, construction and marketing of the condominiums comprising the Project. It is the intention of Pinnacle to use the net proceeds of the Offering and the proceeds

from additional financings and the completed sales of condominiums in the Project to finance the payment of the costs of completion of the development.

- 7. The Debentures will be secured by a general charge on all of the assets of Pinnacle, including all real property and personal property. In addition, a mortgage in the principal amount of \$7,500,000 shall be registered against title to the land upon which the Project is situate in favour of the trustee for the benefit of all Debentureholders. The trust indenture pursuant to which the Debentures are issued will provide that upon the registration of the condominium plan, Pinnacle Condominium Corporation will become the owner of the land, and a collateral mortgage will be registered against all of the condominium units created upon registration of the plan. As sales of condominium units occurs, the collateral mortgage will be discharged against the sold units and the funds received by the Corporation from such sales (other than as required to meet interest payment requirements under the Debentures) will be redeployed by Pinnacle. The Debentures will be subordinate to senior security of Pinnacle.
- 8. The Offering is being made in Alberta and British Columbia in accordance with the requirements of sections 4.1 and 5.1 of Multilateral Instrument 45-103 Capital Raising Exemptions ("MI 45-103") now in force in British Columbia and Alberta; in the province of Ontario in reliance upon OSC Rule 45-501, section 2.3 (Accredited Investor); and in Saskatchewan pursuant to sections 39(1)(e) and 81(1)(d) of the *Securities Act* (Saskatchewan).
- 9. Investors in Alberta, British Columbia, Ontario and Saskatchewan will be provided with an offering memorandum prepared in accordance with the form requirements of MI 45-103 (the "Offering Memorandum").
- 10. The Commission has published for comment proposed Multilateral Instrument 45-103 Capital Raising Exemptions ("Proposed MI 45-103"), which will, if and when adopted, provide for the same (or substantially similar) prospectus and registration exemptions that are now available in Alberta and British Columbia pursuant to MI 45-103.
- 11. As MI 45-103 has only been adopted as a rule in the Provinces of British Columbia and Alberta, the exemptions available thereunder are not available to Pinnacle in the Province of Manitoba.
- 12. Pinnacle proposes to sell Debentures in Manitoba to "eligible investors" (as defined in Proposed MI 45-103) and investors whose aggregate acquisition cost does not exceed \$10,000.
- (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 Debentures pursuant to the Offering are exempt from sections 6 and 37 of the Act, provided that:
 - a) the Offering Memorandum shall contain a statement to the effect that the Offering is being conducted pursuant to this order and as such the protections that are normally available under the Act are not available in this instance;
 - b) Pinnacle shall grant contractual rights of action as described in section 4.3 of Proposed MI 45-103 to every purchaser resident in Manitoba;
 - c) the purchaser purchases the Debenture as principal and, at the same time or before the purchaser signs the agreement to purchase a security:
 - i. Pinnacle will deliver to the purchaser the Offering Memorandum and a copy of this order;
 - ii. Pinnacle will obtain a signed risk acknowledgement from each purchaser in compliance with section 4.5(1) of Proposed MI 45-103;
 - iii. if the purchaser's aggregate cost is greater than \$10,000, each "eligible investor" will certify that it is an "eligible investor" as defined in Proposed MI 45-103;
 - d) Pinnacle will retain the signed risk acknowledgement referred to in section 4.5(2) of Proposed MI 45-103 for eight years following closing of the Offering;
 - e) Pinnacle will hold in trust all consideration received from Manitoba resident purchasers in connection with the purchase of Debentures until midnight on the second business day after the purchaser signs the agreement to purchase the Debentures;
 - f) Pinnacle will return all consideration to a purchaser promptly if the purchaser exercises the right to cancel the agreement to purchase the Debenture by delivering a notice to Pinnacle not later than midnight on the second business day after the purchaser signs the relevant agreement;
 - g) Pinnacle will conclude the Offering within 180 days from the date of the order sought herein;
 - h) Pinnacle will file a Form 45-103F4 report as contemplated by Proposed MI 45-103 with the Commission on or before the tenth day after the closing of the Offering;
 - i) Pinnacle will file a copy of the Offering Memorandum and any update of a previously filed offering memorandum with the Commission on or before the

tenth day after each distribution under the Offering Memorandum or any update thereto.

- j) The Debentures may not be traded by a resident of Manitoba without the prior written consent of the Director unless:
 - i. Pinnacle has filed a prospectus with the Commission with respect to the Debentures and has obtained a receipt therefore;
 - ii. the Debenture has been held for at least 12 months; or
 - iii. the trade is made under an exemption from applicable prospectus and dealer registration requirements.

The Director will consent to the trade of the Debentures if the Commission is of the opinion that it would not be prejudicial to the public interest to do so.

- k) If the minimum offering of \$900,000 is not raised on or before July 29, 2003, subscription funds will be returned without interest or deduction, as soon as possible, except where an investor has agreed to an extension of that date.
- **2. THAT**, the fee for this order shall be \$1,000.

BY ORDER OF THE COMMISSION

Deputy Director-Legal