

**IN THE MATTER OF THE SECURITIES LEGISLATION OF  
ALBERTA, BRITISH COLUMBIA, NEW BRUNSWICK, NEWFOUNDLAND,  
NOVA SCOTIA, MANITOBA, ONTARIO, PRINCE EDWARD ISLAND,  
SASKATCHEWAN AND Québec**

- AND -

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW  
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS**

- AND -

**IN THE MATTER OF ADF GROUP INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the jurisdictions of Alberta, British Columbia, New Brunswick, Newfoundland, Nova Scotia, Manitoba, Ontario, Prince Edward Island, Saskatchewan and Québec (the "Jurisdictions") has received an application from ADF Group Inc. (the "Filer") for a decision under the securities legislation and policies of the Jurisdictions (the "Legislation") that the provisions of section 4.1(2)(b) of National Policy Statement No. 47 ("NPS 47") and the corresponding provisions of the securities legislation of Québec (together, the "Market Capitalization Requirement") be waived to permit the Filer to participate in the prompt offering qualification system (the "POP System");

**AND WHEREAS** under the Mutual Reliance System for Exemptive Relief Applications (the "System"), the *Commission des valeurs mobilières du Québec* is the principal regulator for this application;

**AND WHEREAS** the Filer has represented to the Decision Makers that:

1. The Filer is a corporation incorporated under the laws of Canada.
2. The head office of the Filer is located in Terrebonne (Québec).
3. The Filer has been a reporting issuer in all the Jurisdictions since the filing of a prospectus dated July 7, 1999 and is not in default of its obligations under the Legislation.
4. The authorized capital of the Filer consists of an unlimited number of subordinate voting shares (the "Subordinate Voting Shares"), an unlimited number of multiple voting shares (the "Multiple Voting Shares") and an unlimited number of preferred shares issuable in series (the "Preferred Shares") of which, as of January 31, 2000, the Filer's most recent financial year end, 7,162,793 Subordinate Voting Shares; 14,343,107 Multiple Voting Shares and no Preferred Shares were issued and outstanding. As at January 31, 2000, no Subordinate Voting Shares were beneficially owned, directly or indirectly, or subject to the control or direction of persons that

alone or together with their respective affiliates or Associates (as defined in the Market Capitalization Requirement) beneficially own or exercise control or direction over more than 10% of the Equity Securities of the Filer (the "Insiders").

5. On October 23, 2000, the Filer completed a private placement of 454,545 Subordinate Voting Shares with Le Fonds d'investissement RÉA Inc.

6. As at October 31, 2000, 7,617,338 Subordinate Voting Shares, 7,162,793 Multiple Voting Shares and no Preferred Shares were issued and outstanding. As at such date, no Subordinate Voting Shares were held by Insiders.

7. The Subordinate Voting Shares are listed and posted for trading on The Toronto Stock Exchange under the symbol "DRX".

8. The Filer's financial year end is January 31.

9. As at January 31, 2000, the aggregate market value of the Filer's Equity Securities, calculated in accordance with the Market Capitalization Requirement was \$70,840,023 (based on an average closing price for the month of January of \$9.89). Therefore, the aggregate market value of the Filer's Subordinate Voting Shares as at January 31, 2000, as defined and calculated in accordance with the Market Capitalization Requirement did not exceed \$75,000,000.

10. As at September 30, 2000, the aggregate market value of the Filer's Equity Securities calculated in accordance with the Market Capitalization Requirement was \$81,369,328 (based on an average closing trading price for the month of September, 2000 of \$11.36). The closing price for the Subordinate Voting Shares for the month of September, 2000 has ranged from \$10.75 to \$12.00 per Subordinate Voting Share. As at October 31, 2000 the aggregate market value of the Filer's Equity Securities calculated in accordance with the Market Capitalization Requirement was \$81,886,384 (based on an average closing trading price for the month of October, 2000 of \$10.75). The closing price for the Subordinate Voting Shares for the month of October, 2000 has ranged from \$10.50 to \$11.15.

11. The Filer would be eligible to be a part of the POP System if the market value of its Equity Securities was calculated as of October 31, 2000.

12. Under the Proposed National Instrument 44-101, the current calculations of the market value of an issuer's Equity Securities under NP 47 are replaced with a calculation as of a date within 60 days before the filing of the issuer's preliminary short form prospectus. The Filer undertakes not to file a preliminary short form prospectus until such time as the market value of its Equity Securities has been at least \$75,000,000 calculated in accordance with the 60-day period prescribed by Proposed National Instrument 44-101.

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Makers (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the Jurisdiction to make the Decision has been met;

**The Decision** of the Decision Makers under the Legislation is that the Market Capitalization Requirement be waived to permit the Filer to participate in the prompt offering qualification system provided that :

1. the Filer complies in all other respects with the eligibility requirements of the POP System;
2. the aggregate market value of the Equity Securities of the Filer, calculated in accordance with the Market Capitalization Requirement is \$75,000,000 or more on a date within 60 days before the filing of the preliminary short form prospectus;
3. the eligibility certificate to be filed in respect of the Filer's Initial AIF shall state that the Filer satisfies the Market Capitalization Requirement in accordance with this decision; and
4. this decision shall terminate on the earlier of:
  - (a) 140 days after the end of the Filer's financial year ending January 31, 2001, and
  - (b) the date of the filing a renewal annual information form in respect of the Filer's financial year ending January 31, 2001.
5. the Filer shall be exempt in Québec from providing the additional disclosure required by Schedule IX.I of the Regulation in its initial annual information form and Part B of Schedule IV of the Regulation in the Filer's short form prospectus.

DATED December 27, 2000.

(s) Jean-François Bernier  
Jean-François Bernier  
Director of Capital Markets