

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,

Quebec, PRINCE EDWARD ISLAND AND NOVA SCOTIA

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

AND IN THE MATTER OF CONOR PACIFIC ENVIRONMENTAL TECHNOLOGIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island and Nova Scotia (the "Jurisdictions") has received an application from Conor Pacific Environmental Technologies Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to include:

- a) comparative financial statements to the Filer's balance sheet as at December 31, 2000,
- b) comparative financial statements to the Filer's income statements and statements of cash flows for the interim periods ending March 31, 2001, June 30, 2001 and September 30, 2001, and
- c) comparative financial statements to the Filer's income statement and statement of cash flows for the year ending December 31, 2001, (together the "Comparative Financial Statement Requirements") shall not apply to the Filer;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;

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

1. the Filer, a corporation amalgamated under the laws of Alberta on July 12, 1996, is a reporting issuer, or the equivalent thereof, under the Legislation in each of the Jurisdictions;
2. on November 10, 2000, an application was made by the Filer to the Court of Queen's Bench of Alberta (the "Court") in connection with a Plan of Compromise and Reorganization and Plan of Arrangement (the "Plan") under the *Companies Creditors Arrangement Act* (Canada) and the *Business Corporations Act* (Alberta); an order was issued by the Court which provided for, among other things, a stay of all actions, suits and proceedings against the Filer, authorized the Filer to call a meeting of its general creditors to consider and approve the Plan, and directed that the Filer give its shareholders notice of the Plan and of the hearing of the Court to be held to consider the fairness of the Plan;

3. the Plan was approved by the general creditors of the Filer at a meeting held in Calgary on December 4, 2000;

4. on December 20, 2000 the Filer obtained an order from the Court (the "Final Order") sanctioning the Plan, declaring that the Plan was fair and reasonable and in the best interests of the secured creditors, the general creditors, the shareholders and any other stakeholders of the Filer, and extending the stay of proceedings against the Filer;

5. pursuant to the Plan:

(a) on April 25, 2001, a total of 1,055,978,713 common shares of the Filer were issued to secured and unsecured creditors on a *pro rata* basis having regard to claims filed and accepted under the Plan, thereby extinguishing approximately \$23 million out of a total of \$29.5 million of secured and unsecured indebtedness of the Filer;

(b) thereafter the Filer consolidated its shares on a 50 for one basis so that approximately 22.5 million common shares are currently outstanding;

6. the common shares commenced trading on a post-consolidation basis on The Toronto Stock Exchange on May 2, 2001;

7. as a result of the Plan, former shareholders of the Filer hold only 5% of the total issued and outstanding common shares of the Filer;

8. the change in share distribution resulting from the implementation of the Plan represents a substantial reorganization of the business and capitalization of the Filer;

9. the Filer accounted for the implementation of the Plan as at December 31, 2000 on a "fresh start" basis in accordance with the guidelines set forth by the Canadian Institute of Chartered Accountants (the "CICA"), which contemplates that figures for a prior period may be excluded from a company's financial statements where that company has undergone a financial reorganization resulting in a substantial realignment of its non-equity and equity interests;

10. the Filer has undergone a significant financial reorganization and its ongoing business activities subsequent to the reorganization will be substantially reduced from those carried on prior to the reorganization;

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

AND WHEREAS each Decision Maker 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 Comparative Financial Statement Requirements shall not apply to the Filer provided that:

1. the Filer's financial statements for the year ending December 31, 2000 include a balance sheet as at December 31, 2000 prepared on the basis of "fresh-start" accounting, without comparatives, with note disclosure for the disclosure items specified by CICA Handbook Section 1625;
2. the Filer's financial statements for the year ending December 31, 2000 include an income statement and a statement of cash flows for the year ending December 31, 2000 with comparative financial statements for the year ending December 31, 1999, on the basis that all operations sold or shut down are reflected under the heading "Discontinued Operations";
3. the Filer's management discussion and analysis for the year ending December 31, 2000 includes comprehensive discussion and analysis of the effects of implementation of the Plan; and
4. the Filer's financial statements for the interim periods ending March 31, 2001, June 30, 2001 and September 30, 2001, and for the year ending December 31, 2001, include notes that disclose revenues, cost of sales, gross margins and all other direct costs for the comparative interim periods ending March 31, 2000, June 30, 2000 and September 30, 2000, and the year ending December 31, 2000, respectively, for each operating segment that the Filer retained after implementation of the Plan.

DATED "August 7", 2001

"Derek E. Patterson"
Acting Director

Headnote:

Mutual Reliance Review System for Exemptive Relief Applications – Issuer exempt from filing financial statements for the financial year ended December 31, 2000, provided that the filer files a balance sheet for the financial year, and comparative financial statements for each of the first, second and third quarters of fiscal 2001 and the financial year ended December 31, 2001.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 91(1)(b)

Securities Rules, B.C. Reg. 194/97, ss. 144(1)(b), 145(1)(b)