

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA MANITOBA, NEWFOUNDLAND AND
LABRADOR, NOVA SCOTIA, QUEBEC AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF
COUNSEL CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Quebec and Saskatchewan (collectively, the "Jurisdictions") has received an application (the "Application") from Counsel Corporation ("Counsel") for a decision under the securities legislation of the Jurisdictions (collectively, the "Legislation") that, in connection with its proposed offer (the "Offer") to acquire its outstanding 6% Convertible Subordinated Debentures due October 31, 2003 (the "Debentures"), the requirement contained in the Legislation to include the financial statements for the financial year ended December 31, 2000 (the "2000 Financials") in the Circular (as defined below) shall not apply to Counsel;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS unless otherwise defined, the terms have the meaning set out in National Instrument 14-101 Definitions or Quebec Commission Notice 14-101;

AND WHEREAS Counsel has represented to the Decision Makers as follows:

1. Counsel is governed by the *Business Corporations Act* (Ontario). Its head office is located in Toronto, Ontario.
2. Counsel is a reporting issuer or the equivalent in each Jurisdiction and is not in default of any requirements under the Legislation.
3. Counsel's authorized capital consists of an unlimited number of preferred shares and an unlimited number of common shares (the "Common Shares"). As at July 3, 2003 there were no preferred shares outstanding and 20,708,172 Common Shares outstanding.

4. As at July 3, 2003, Counsel has outstanding US\$41,566,000 principal amount of the Debentures.
5. The Common Shares are listed for trading on The Toronto Stock Exchange (the "TSX") and The Nasdaq SmallCap Market and the Debentures are listed for trading on the TSX.
6. Counsel proposes to make the Offer for its outstanding Debentures. The consideration to be offered under the Offer may include other securities of Counsel. The Offer will be an "issuer bid" within the meaning of the Legislation.
7. Counsel shall prepare an issuer bid circular (the "Circular") in connection with the Offer to be delivered to the holders of the Debentures (the "Debentureholders").
8. Under the Legislation, if an issuer is offering securities as consideration under an issuer bid, it is required to include in the circular accompanying the issuer bid the information prescribed for the form of prospectus appropriate for the issuer. As Counsel may be offering its securities as consideration under the Offer, it must include with a prospectus the financial statements for the three most recently completed financial years ended more than 90 days before the date of the prospectus. Accordingly, Counsel is required to include the 2000 Financials in the Circular.
9. Counsel's annual report for the financial year ended December 31, 2002 (the "2002 Annual Report"), containing audited financial statements for the years ended December 31, 2002 and December 31, 2001 shall be mailed to Debentureholders as part of the Circular.
10. The 2000 Financials, other than the balance sheet for the year ended December 31, 2000, are included as comparatives in the 2002 Annual Report; however, such statements have been restated in accordance with generally accepted accounting principles for discontinued operations and do not include the report of auditors thereon.
11. The 2000 Financials relate entirely to discontinued operations and, as such, this information is not relevant to the Debentureholders in considering whether to tender to the Offer. In addition, the consent of Arthur Andersen to the inclusion of their report on the 2000 Financials, is unavailable. Accordingly, statutory remedies otherwise available to holders of Debentures in respect of the 2000 Financials are unavailable in this circumstance.
12. Counsel's 2002 Annual Report contains a discussion as to why the 2000 Financials are not relevant to Debentureholders.
13. The Offer will be made, and the Circular will contain information, in compliance with the requirements in the Legislation applicable to formal bids made by issuers, including the Financial Statement Requirements, except to the extent exemptive relief is granted by the Decision Makers.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (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, in connection with the Offer, the requirement contained in the Legislation to include the 2000 Financials in the Circular shall not apply to Counsel provided that Counsel complies with the other requirements in the Legislation applicable to formal bids made by issuers, except to the extent exemptive relief is granted by the Decision Makers.

DATED this 23rd day of July, 2003.

Robert W. Davis

Harold P. Hands