

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

AND

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

AND

IN THE MATTER OF
RICE CAPITAL MANAGEMENT PLUS INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Manitoba, British Columbia, Alberta and Saskatchewan (the "Jurisdictions") has received an application from Rice Capital Management Plus Inc. ("Rice") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that certain trades in common shares ("Common Shares") of Rice arising in connection with a proposed Contracting Party and Joint Venture Party Share Purchase Plan (the "Plan") be exempt from the prospectus and registration requirements contained in the Legislation;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), The Manitoba Securities Commission is the principal regulator for this application;

3. AND WHEREAS Rice has represented to the Decision Makers that:

3.1 Rice was incorporated on March 25, 1998 pursuant to the *Business Corporations Act* (Alberta). On June 30, 1998 Rice completed an initial public offering as a Junior Capital Pool Issuer on the Alberta Stock Exchange (as it then was), with the sale of 2,500,000 Common Shares. The Common Shares of Rice are listed on The Canadian Venture Exchange Inc. and on The Winnipeg Stock Exchange. Rice is subject to Parts X, XI and XII of *The Securities Act* (Manitoba), and is a reporting issuer in the Province of Alberta and a "modified reporting issuer" in the Province of British Columbia;

3.2 the authorized capital of Rice consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. To date, three series of preferred shares have been created, and designated as Series 1 preferred shares, Series 2 preferred shares and Series 3 preferred shares, respectively. As a class the preferred shares rank in priority to the Common Shares with respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding up of Rice. The holders of the Series 1

preferred shares and the Series 3 preferred shares have the right to convert all or any of their preferred shares into Common Shares on the basis of one Common Share for one preferred share, while the Series 2 preferred shares are convertible into Common Shares of Rice at various conversion rates depending on the date of conversion. Currently, there are issued and outstanding 14,633,618 Common Shares; 10,265,500 Series 1 preferred shares; 300,000 Series 2 preferred shares; and 200,000 Series 3 preferred shares. There are also currently issued and outstanding \$1,000,000 principal amount of 7% non-convertible debentures (which are convertible into Common Shares only in certain restricted circumstances) and \$1,000,000 principal amount of 7% convertible debentures (which are convertible into Common Shares), which, together, are convertible into an aggregate maximum of 2,857,143 Common Shares; 880,000 options for Common Shares; 1,000,000 principal amount of 9% subordinated debentures; and 310,000 warrants each exercisable for one Common Share;

3.3 through its subsidiaries (the "Subsidiaries" and, individually, a "Subsidiary"), Rice enters into agreements with registered sales representatives, investment advisors, financial planners, licensed insurance sales representatives and other persons (collectively, "Contracting Parties" and, individually, a "Contracting Party") pursuant to which the Subsidiary provides services that include administrative assistance and "back-office" support and technology.

3.4 in all cases the Subsidiary will enter into a written contract with the Participant that sets out the respective obligations of the parties and, *inter alia*, requires the Participants to place his or her securities business (including guaranteed investment certificate business and mutual fund business) exclusively through one or more Subsidiary;

3.5 Each Participant is licensed through a Subsidiary, and, through the use by the Participants of the systems applied by the Subsidiaries, and the fact that the Participants process all of their securities trades through the Subsidiaries, the Participants spend a significant amount of time and attention on the affairs of Rice and or the Subsidiaries;

3.6 Rice also enters into joint venture operations, where a new entity is created that is owned at least as to one-half by Rice with the remainder owned by the joint venture party (each, a "Joint Venture Party" and, collectively, the "Joint Venture Parties"). A joint venture operation consists of a branch or branches where the management and staff have ownership. A joint venture branch mirrors a branch owned and operated by Rice or a Subsidiary by using all of the same products, systems and supports, as well as the same sales platform;

3.7 as a means of advancing its business interests, Rice has determined that an effective means of motivating, attracting and retaining Contracting Parties and Joint Venture Parties is the establishment of a share purchase plan to provide an opportunity to Contracting Parties and Joint Venture Parties (collectively, the

"Participants" and, individually, a "Participant"), to acquire Common Shares. Rice will contribute a portion of the purchase price of Common Shares acquired by a Participant pursuant to the Plan;

3.8 the Plan will provide that the board of directors of Rice, or a committee thereof, has the power to make all applicable determinations in connection with the operation of the Plan, subject always to all applicable securities laws and the rules and policies of The Canadian Venture Exchange Inc. (and The Winnipeg Stock Exchange);

3.9 participation in the Plan will be subject to the discretion of the board of directors of Rice, or the applicable committee thereof;

3.10 the Plan will require the approval of the shareholders of Rice within the time period prescribed by The Canadian Venture Exchange Inc. (and The Winnipeg Stock Exchange);

3.11 Participants will be persons who have a direct contractual relationship with Rice, and who have entered such relationship on the basis of their knowledge of Rice, its corporate structure, its products and its performance;

3.12 in considering whether to receive Common Shares, a Participant will have access to the same information concerning the business and affairs of Rice as persons currently employed by Rice or the Subsidiaries;

3.13 Participants will not be induced to acquire Common Shares primarily by the expectation of employment or continued employment or the opportunity to render services or to continue rendering services to Rice or a Subsidiary;

3.14 Rice acknowledges that the Canadian Securities Administrators have taken the position that sales representatives and investment advisors should only be permitted to carry out services on behalf of mutual fund dealers or securities dealers if employed by the dealer or engaged under a principal and agent relationship with the dealer; and

3.15 exemptions are not consistently available under the Legislation from the registration and prospectus requirements in respect of the distribution of Common Shares to Participants pursuant to the Plan.

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

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that confers on the Decision Maker the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers pursuant to the Legislation is that:

6.1 the issuance and distribution of Common Shares to Participants pursuant to the Plan is not subject to the prospectus and registration requirements contained in the Legislation; and

6.2 the first trade by a Participant of Common Shares acquired in reliance on this Decision, other than a trade that is exempt from or not subject to the prospectus requirements of applicable Legislation, shall be a distribution or primary distribution to the public, as the case may be, under applicable Legislation, except that where:

6.2.1 the trade takes place in a Jurisdiction where Rice is, and has been for twelve months, a reporting issuer or the equivalent under the Legislation of the Jurisdiction; and

6.2.2 at least twelve months have elapsed since the date on which the Common Shares were issued to the Participant; and

6.2.3 if the Participant is in a special relationship with Rice, the Participant has reasonable grounds to believe that Rice is not in default of any requirement of the Legislation; and

6.2.4 disclosure to the relevant Decision Maker has been made of the issue of Common Shares to the Participant; and

6.2.5 no unusual effort is made to prepare the market or to create a demand for the Common Shares and no extraordinary commission or consideration is paid in respect of such trade,

then the first trade by the Participant in Common Shares shall be a distribution or primary distribution to the public, as the case may be, only if it is a trade from the holdings of a Participant or combination of Participants and other persons holding a sufficient number of securities of Rice to affect materially the control of Rice, but any holding of a Participant or combination of a Participant and other persons holding more than twenty per cent of the outstanding voting securities of Rice shall, in the absence of evidence to the contrary, be deemed to affect materially the control of Rice.

DATED at Winnipeg, Manitoba this "12th" day of "December" , 2000.

"Douglas R. Brown"