

UNOFFICIAL TRANSLATION

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

AND

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

AND

IN THE MATTER OF SIGNALGENE INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") have received an application from SignalGene Inc. ("SignalGene") for a decision under the securities legislation and securities directions of the Jurisdictions (the "Legislation") that the requirement under National Policy Statement No. 47 and under the applicable securities legislation of Québec (collectively, the "POP Requirements") that the calculation of the aggregate market value of an issuer's outstanding equity securities be based upon the average closing prices during the last calendar month of the issuer's most recently completed financial year (the "Eligibility Requirements") shall not apply to SignalGene so as to permit SignalGene to participate in the prompt offering qualification system (the "POP System");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Commission des Valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS SignalGene has represented to the Decision Makers that:

1.1 SignalGene is governed by Part 1A of the *Companies Act* (Québec) and its head office is located at 8475 Christophe-Colomb Avenue, Suite 1000, Montréal, Québec.

1.2 SignalGene is a biotechnology company involved in the genomics business.

1.3 SignalGene has been a reporting issuer under the Legislation of all of the Jurisdictions since December 13, 1996, except in Québec, where SignalGene has been a reporting issuer since April 30, 1996 and is not, as at the date hereof to the best of its knowledge, in default of any requirement of such Legislation.

1.4 The authorized share capital of SignalGene consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares, issuable in series.

1.5 The Common Shares are listed and posted for trading (SGI) on the Toronto Stock Exchange (the "TSE").

1.6 The financial year-end of SignalGene is December 31.

1.7 As at December 31, 1999 (being SignalGene's most recent financial year-end), 95,120,288 Common Shares were issued and outstanding and no preferred shares were issued and outstanding.

1.8 As at December 31, 1999, to the best of SignalGene's knowledge and based upon public records, 45,649,334 of its Common Shares were required to be excluded in the calculation of the public float (the "December 31 Excluded Shares"), in accordance with the POP Requirements.

1.9 The aggregate market value of the Common Shares for the month of December 1999, being the last calendar month of its financial year, was less than \$75,000,000 (excluding the value of the December 31 Excluded Shares).

1.10 For the 30-day period ended March 24, 2000, SignalGene had 102,404,998 Common Shares issued and outstanding.

1.11 On March 24, 2000, to the best of SignalGene's knowledge and based upon public records, 45,649,334 of its Common Shares were required to be excluded in the calculation of the public float (the "March 24 Excluded Shares"), in accordance with the POP Requirements.

1.12 The arithmetic average of the closing price of the Common Shares on the TSE for each of the trading days for the 30-day period ended March 24, 2000 was \$3.51.

1.13 The aggregate market value of the 56,755,664 Common Shares which composed the float for the 30-day period ended March 24, 2000 was approximately \$199,212,381.

1.14 SignalGene currently would fulfill the eligibility requirements under the POP System that would enable it to file an initial annual information from ("Initial AIR") and participate in the POP System but for the fact that the aggregate market value of its common shares for the month of December, 1999 was less than \$75,000,000 as required under the Legislation.

1.15 SignalGene would be eligible to participate in the POP System upon the filing and acceptance of its Initial AIF under Proposed National Instrument 44-101 which would replace the current time period for calculating the aggregate market value of an issuer's equity securities under the POP Requirements for its Initial AIF with a calculation as of a date within sixty 60 days of filing the issuer's preliminary short form prospectus; and

1.16 SignalGene filed an Initial AIF and wishes to effect an offering prior to the end of its financial year and is of the view that a short form prospectus would be the most appropriate vehicle for such an offering.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (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 Eligibility requirements shall not apply to SignalGene provided that:

- (i) SignalGene complies in all other respects with the POP Requirements;
- (ii) the aggregate market value of the outstanding common shares of SignalGene, calculated in accordance with the POP Requirements on a date within sixty 60 days before the date of the filing of SignalGene's preliminary short form prospectus is \$75,000,000 or more;
- (iii) the eligibility certificate to be filed in respect of SignalGene' Initial AIF shall state that SignalGene satisfies the Eligibility Requirements, and shall make reference to this Decision; and
- (iv) this Decision shall terminate on the earlier of:
  - a) 140 days after the end of SignalGene' financial year ended December 31, 2000 and;
  - b) the date of filing a renewal AIF by SignalGene in respect of its financial year ended December 31, 2000.

Dated at Montreal, on "April 14", 2000.

Jacques Labelle  
Directeur g n ral et  
Chef de l'exploitation