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**VIA SEDAR ONLY**

March 4, 2002

Borden Ladner Gervais LLP  
Lawyers, Patent & Trade-Mark Agents  
Scotia Plaza, 40 King Street West  
Toronto, Ontario  
M5H 3Y4

**Attention: Michael R. Holder**

Dear Sirs/Mesdames:

**Re: Change in control of Lion Funds Management Inc. ("LFMI")  
MRRS Application under National Instrument 81-102 ("NI 81-102") - App. No.  
077/02, SEDAR Project No. 417805**

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By letter dated January 29, 2002 and supplemented by a subsequent letter dated February 1, 2002 (together the "Application"), LFMI applied to the local securities regulatory authority or regulator in each of the provinces and territories of Canada (the "Decision Makers") pursuant to section 5.5(2) of NI 81-102 for approval of the change of control of LFMI from Yorkton Securities Inc. ("Yorkton") to Stone & Co. Limited ("Stone").

From our review of the Application and its attachments, we understand the relevant facts and representations to be as follows:

1. LFMI is a corporation organized under the laws of British Columbia. Its sole shareholder is Yorkton. The principal office of LFMI is in Ontario.
2. LFMI is the manager and promoter of Stone & Co. Flagship Growth Industries Fund (formerly Yorkton Knowledge Industries Fund) and Stone & Co. Health Sciences Fund (formerly Yorkton Health Sciences Fund) (collectively the "Funds").
3. The Funds are currently qualified for sale in the Jurisdictions by a simplified prospectus ("SP") and annual information form ("AIF") both dated January 18, 2002.
4. On January 17, 2002, Yorkton agreed to sell all of its issued and outstanding shares in LFMI to Stone pursuant to a share purchase agreement. Completion of the sale is subject to 60 days notice to unitholders of the Funds and approval of the Decision Makers.

5. The share purchase agreement between Yorkton and Stone was disclosed in the SP and AIF.
6. Stone was incorporated under the laws of Ontario on August 17, 1994. Stone's principal office is in Ontario. Stone is the promoter, manager and trustee of Stone & Co. Flagship Money Market Fund Canada, Stone & Co. Flagship Growth & Income Fund Canada, Stone & Co. Flagship Stock Fund Canada and Stone & Co. Flagship Global Growth Fund (the "Stone Funds"). The Stone Funds are currently qualified for sale by a simplified prospectus dated July 12, 2001 as amended November 9, 2001. Stone is also the manager of Canadian Anaesthetists' Mutual Accumulation Fund ("CAMAF").
7. Prior to January 18, 2002, Yorkton acted as portfolio adviser to the Funds. Effective that date, Stone Asset Management Limited ("SAML") became the portfolio adviser. This was disclosed in the SP and AIF. SAML is located in Toronto and is affiliated to Stone through common directors and officers, Richard G. Stone and James Elliott. SAML is also the portfolio adviser for the Stone Funds and CAMAF.
8. Stone does not anticipate any change in the investment objectives, policies and strategies of the Funds after the change in control of LFMI.

## **Decision**

This letter confirms that based on the information provided in the Application and the facts and representations above, the Decision Makers hereby grant approval to the change in control of LFMI from Yorkton to Stone, subject to compliance with all other applicable provisions of NI 81-102.

Yours truly,

"Paul A. Dempsey"  
Paul A. Dempsey  
Manager, Investment Funds  
Capital Markets Branch