

IN THE MATTER OF  
*THE SECURITIES ACT, 1988, S.S. 1988 , c. s-42.2*

AND

IN THE MATTER OF  
VHQ ENTERTAINMENT INC.

RULING  
(Section 83)

WHEREAS an application has been received by the Saskatchewan Securities Commission (the “Commission”) from VHQ Entertainment Inc. (the “Issuer”) for a ruling pursuant to clause 83(1)(a) of *The Securities Act, 1988, S.S. 1988, c. s-42.2* (the “Act”) that the Issuer be deemed to be a reporting issuer within the meaning of the Act for any or all purposes of the Act and the regulations thereunder;

AND WHEREAS the Commission has assigned to the Director the power to make exemption orders and rulings under the provisions of the Act;

AND WHEREAS it has been represented to the Director that:

1. Pursuant to a Certificate of Continuance under the *Canada Business Corporations Act* dated December 1, 2000, the Issuer changed its name to VHQ Entertainment Inc. and continued under the provisions of the *Canada Business Corporations Act* to become a federal corporation;
2. The Issuer is in good standing with Industry Canada under the provisions of the *Canada Business Corporations Act*;
3. The authorized capital of the Issuer consists of an unlimited number of common shares (the “Common Shares”) and an unlimited number of preferred shares issuable in series;
4. As at February 4, 2002, 12,306,803 Common Shares were issued and outstanding, 2,350,000 Common Shares were reserved for issuance on the exercise of the directors', officers' and employees' stock options and 756,552 Common Shares were reserved for issuance on exercise or conversion of various other outstanding securities of the Issuer. As at February 4, 2002, no preferred shares were issued and outstanding;
5. The Issuer became a reporting issuer in Alberta on March 18, 1998 due to the issuance of a receipt by the Alberta Securities Commission for the initial public offering prospectus of the Issuer dated March 18, 1998. The Issuer became a reporting issuer in British

Columbia on November 26, 1999 due to the creation of the Canadian Venture Exchange ("CDNX") and the listing of the Common Shares on CDNX. The Issuer became a reporting issuer in Ontario on July 24, 2001 due to the listing of the Common Shares on the Toronto Stock Exchange ("TSE");

6. The Issuer is not in default of the requirements of the *Securities Act* (Alberta), the *Securities Act* (British Columbia) or the *Securities Act* (Ontario);
7. The Common Shares were listed and posted for trading on the junior capital pool board of The Alberta Stock Exchange on June 9, 1998 under the trading symbol "VHQ". On October 2, 1998 the Issuer consolidated its Common Shares on a two pre-consolidation Common Shares for one post-consolidation Common Share basis and completed its "Major Transaction", as required by the former junior capital pool policies of the Alberta Securities Commission. As a result of the completion of this "Major Transaction", the Issuer ceased to be a junior capital pool company and its Common Shares were listed and posted for trading on the main board of The Alberta Stock Exchange on September 30, 1998 under the trading symbol "VHS". On November 26, 1999, the Common Shares were listed and posted for trading on the CDNX which was created upon the merger of The Vancouver Stock Exchange and The Alberta Stock Exchange. The Common Shares were listed and posted for trading on the TSE on July 24, 2001 and were thus subsequently de-listed from the CDNX on July 27, 2001. As at the date of this application, the Issuer is not in default of the requirements of the TSE;
8. Since the Issuer has a small number of shareholders resident in Saskatchewan, has part of its business in Saskatchewan and expects to raise some of its future financing in Saskatchewan, the Issuer wishes to become a reporting issuer within the meaning of the Act;

AND WHEREAS the Director is of the opinion that it would not be prejudicial to the public interest to grant the Ruling;

IT IS HEREBY RULED pursuant to clause 83(1)(a) of the Act that the Issuer is deemed to be a reporting issuer within the meaning of the Act for any and all purposes of the Act and the regulations thereunder effective as of the date of this Ruling.

DATED February 13, 2002.

*"Barbara Shourounis"*

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Barbara Shourounis  
Director