

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only two beneficial security holders - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83.

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, SASKATCHEWAN, ONTARIO, QUÉBEC,
NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR**

AND

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

AND

**IN THE MATTER OF
DRUG ROYALTY CORPORATION INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the Provinces of Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from Drug Royalty Corporation Inc. (the “Filer”) for a decision under the securities legislation of each of the Jurisdictions (the “Legislation”) that the Filer be deemed to have ceased to be a reporting issuer under the Legislation; and

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “MRRS”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer is a company existing under the *Canada Business Corporations Act* (the “CBCA”) and is a reporting issuer or the equivalent in each of the Jurisdictions.
2. The Filer’s head office is located at Suite 202, 8 King Street East, Toronto, Ontario, M5C 1B5.

3. The Filer is not in default of any of the requirements of the Legislation other than its failure to file and deliver its interim financial statements and its interim management discussion and analysis of financial condition and results of operations for the period ended February 28, 2002 (the "Interim Filing Requirements"). The Interim Filing Requirements arose after the date of the Offer (as defined below).
4. The authorized capital of the Filer consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preference shares, issuable in series. The issued and outstanding capital of the Filer consists of 40,874,340 Common Shares. The Filer has no debt securities outstanding.
5. On March 19, 2002, DRC Acquisition Inc. (the "Offeror") made an offer (the "Offer") to purchase all of the issued and outstanding Common Shares.
6. The Offeror is a corporation existing under the CBCA and is a wholly-owned subsidiary of Inwest Investments Ltd. ("Inwest").
7. On April 25, 2002, the Offeror acquired 37,698,836 Common Shares or approximately 92.2% of the Common Shares pursuant to the Offer. On April 29, 2002, the Offeror gave notice to the Filer that the Offeror was exercising its rights under section 206 of the CBCA to acquire all of the Common Shares not tendered to the Offeror under the Offer.
8. As a result of the Offer and the subsequent compulsory acquisition procedures pursuant to the CBCA, Inwest and the Offeror are the only beneficial holders of Common Shares.
9. The Common Shares were de-listed from trading on the Toronto Stock Exchange at the close of trading on May 2, 2002. No securities, including debt securities, of the Filer are listed or quoted on any other exchange or market.
10. The Filer does not intend to seek public financing by way of a public offering of its securities.

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

AND WHEREAS each Decision Maker is of the opinion 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 pursuant to the Legislation is that the Filer is deemed to have ceased to be a reporting issuer under the Legislation.

DATED this 17th day of June, 2002

"John Hughes"
Manager, Continuous Disclosure,
Corporate Finance