

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA,
NEW BRUNSWICK, PRINCE EDWARD ISLAND, NEWFOUNDLAND, YUKON TERRITORY,
NORTHWEST TERRITORIES AND NUNAVUT**

- and -

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

- and -

IN THE MATTER OF McWATTERS MINING INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the “Decision Maker” or collectively, the “Decision Makers”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Yukon Territory, Northwest Territories and Nunavut (the “Jurisdictions”) has received an application from McWatters Mining Inc. (“McWatters”) for a decision pursuant to securities legislation of the Jurisdictions (the “Legislation”) varying the decision of the Decision Makers entitled In the Matter of McWatters Mining Inc. dated March 1, 2002 (the “Previous Decision”);

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 McWatters has represented to the Decision Makers that:

1. The Previous Decision included, in paragraph 6 of page 3, a reference to Caisse de dépôt et placement du Québec in the definition of the term “Strategic Investors”.
2. The above-mentioned reference to Caisse de dépôt et placement du Québec should be replaced by a reference to Sodémex II, s.e.c.
3. Sodémex II, s.e.c. is a limited partnership whose sole limited partner is Capital d’Amérique CDPQ Inc., a wholly-owned subsidiary of Caisse de dépôt et placement du Québec.

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 are of the opinion that it would not be prejudicial to the public interest to make the Decision;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Previous Decision be varied by:

1. amending paragraph 6 on page 3 of the Previous Decision as follows:

” The Plan also provides for a \$12,000,000 offering of Rights. One Right will be issued by McWatters for each New Common Share issued under the Plan. Each of Sodémex II, s.e.c., Fonds de solidarité des travailleurs du Québec (FTQ) and Soquem Inc. (the “Strategic Investors”) have expressed an intention to purchase an aggregate of \$12,000,000 (in the event that no Right is exercised) on the Rights Expiry Time (as defined in the Plan) of Gold-Linked Convertible Debentures (\$4,000,000 each) at a price of \$1,000 per debenture (the “Advance Standby Commitment”). This investment will take place on the Implementation Date in the form of a loan and will provide McWatters with the cash necessary to settle the Secured Claims (as defined in the Plan) and implement the Plan. A standby commitment fee of 4% will be paid to the Strategic Investors in consideration for their providing the Advance Standby Commitment which will be satisfied by the issuance of \$480,000 worth of Gold-Linked Convertible Debentures to be issued on the Rights Expiry Time at a price of \$1,000 per debenture. The Rights will be exercisable from the Implementation Date to the Rights Expiry Time. Sixteen Thousand Four Hundred and Sixteen (16,416) Rights and \$1,000 will entitle a holder to acquire \$1,000 principal amount of Gold-Linked Convertible Debentures. At the Rights Expiry Time, and after giving effect to the Basic Subscription Privilege and the Additional Subscription Privilege (as those two terms are defined in the Plan), McWatters will have the obligation to repay in cash the Strategic Investors in an amount equal to the gross proceeds to McWatters from the issuance of Gold-Linked Convertible Debentures under the offering of the Rights. The balance of the loan will be repaid to the Strategic Investors by the issuance of Gold-Linked Convertible Debentures on the Rights Expiry Time.”

Dated this 11th day of April, 2002

“Jean-François Bernier”
Director, Capital Market