

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, SASKATCHEWAN AND MANITOBA,

AND

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

AND

IN THE MATTER OF PAPERLINX LIMITED

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the **ADecision Maker**) in each of Alberta, Saskatchewan and Manitoba (the **AJurisdictions**) has received an application from PaperLinX Limited (the **AFiler**) for a decision under the securities legislation of the Jurisdictions (the **ALegislation**) that the requirement contained in the Legislation to register to trade in a security (the **AREgistration Requirements**) and to file and obtain a receipt for a preliminary prospectus and a prospectus (the **AProspectus Requirements**) shall not apply to the first trade in ordinary shares of PaperLinX (the **APaperLinX Shares**) acquired pursuant to the PaperLinX employee incentive share plan (the **APurchase Plan**), subject to conditions;
2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the **ASystem**) the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS the Filer has represented to the Decision Makers that:
 - 3.1 PaperLinX is a corporation incorporated under the *Corporations Act of Australia*, with its head office located in Melbourne, Australia;
 - 3.2 as at August 31, 2001, there were 321,451,037 issued and outstanding ordinary shares of PaperLinX;
 - 3.3 PaperLinX is a reporting company under, and is subject to the disclosure requirements of, the *Corporations Act of Australia* (the **AAustralian Act**), and is not exempt from reporting required by the Australian Act and is not, to its knowledge, in default of the Australian Act or the regulations made thereunder or of similar legislation of which it is subject;

- 3.4 PaperLinX is not a reporting issuer in any of the Jurisdictions;
- 3.5 the ordinary shares of PaperLinX are listed on the Australian Stock Exchange (the ~~A~~Australian Exchange@);
- 3.6 Eligible employees of PaperLinX and its affiliates resident in the Jurisdictions may participate in the purchase plan (the ~~A~~Eligible Employees@);
- 3.7 participation in the purchase plan is completely voluntary;
- 3.8 PaperLinX Shares acquired under the purchase plan are issued at price that is forty (40%) per cent less than the weighted average price of the PaperLinX Shares on the Australian Exchange in the one (1) week period up to and including the date of allotment, and are subject to a minimum hold period that expires on the earlier of three (3) years from the date of allotment and the Eligible Employees ceasing to be employed by PaperLinX or its subsidiaries;
- 3.9 the purchase price of PaperLinX Shares purchased pursuant to the purchase plan is funded by way of an interest free loan made available by PaperLinX to each Eligible Employee. The loan is repayable by participating Eligible Employees out of dividends paid on the PaperLinX Shares. On the termination of an Eligible Employees employment relationship with PaperLinX or its subsidiaries, the loan may be repaid in its entirety by the Eligible Employee or retired by PaperLinX out of the proceeds of the sale of the PaperLinX Shares;
- 3.10 as there is no market in Canada for the PaperLinX Shares and none is expected to develop, it is anticipated that any resale of PaperLinX Shares issued pursuant to the purchase plan will be effected through the facilities and in accordance with the rules of the Australian Exchange or such other exchange or market outside of Canada on which the shares may be listed or quoted for trading;
- 3.11 in addition to those Eligible Employees resident in the Jurisdictions, PaperLinX will be making the purchase plan available to employees resident in Ontario and British Columbia (the ~~A~~Other Jurisdictions@);
- 3.12 the purchase plan is being extended to employees resident in the Jurisdictions on the same basis and in the same manner as to employees resident in the Other Jurisdictions, namely, British Columbia and Ontario;
- 3.13 the first trade by employees in the Other Jurisdictions in securities acquired under the purchase plan is exempt from the prospectus and registration requirements of the Other Jurisdictions;
- 3.14 the number of PaperLinX Shares issued to Eligible Employees resident in any

Jurisdiction will not exceed ten (10%) per cent of the number of outstanding PaperLinX Shares;

- 3.15 the number of Eligible Employees resident in any Jurisdiction will not exceed ten (10%) per cent of the number of holders of PaperLinX Shares;
 - 3.16 relief from the registration requirements is required in each of the Jurisdictions;
 - 3.17 an exemption from the prospectus requirements is not available in all of the Jurisdictions for trades in PaperLinX Shares acquired under the purchase plan by Eligible Employees;
 - 3.18 relief from the prospectus requirements is required in a number of the Jurisdictions;
 - 3.19 all disclosure material and other information relating to the PaperLinX Shares that is sent to securityholders in general will also be sent to those Eligible Employees that participate in the purchase plan in each of the Jurisdictions;
4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the **ADecision@**);
 5. 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;
 6. AND WHEREAS the Decision of the Decision Makers under the Legislation is that the registration requirements and prospectus requirements shall not apply to the first trade in PaperLinX Shares acquired under the purchase plan pursuant to this Decision by an Eligible Employee, provided that:
 - 6.1 at the time of the acquisition by the Eligible Employee of the PaperLinX Share, persons or companies whose last address as shown on the books of PaperLinX was in the Jurisdiction of residents of such Eligible Employee and who held PaperLinX Shares did not hold more than ten (10%) per cent of the outstanding PaperLinX Shares and did not represent in number more than ten (10%) per cent of the total number of holders of PaperLinX Shares;
 - 6.2 at the time of the acquisition by the Eligible Employee of the PaperLinX Share, persons or companies who are resident in the Jurisdiction of residence of such person and who beneficially owned PaperLinX Shares did not beneficially own more than ten (10%) per cent of the outstanding PaperLinX Shares and did not represent in number more than ten (10%) per cent of the total number of holders of PaperLinX Shares;

- 6.3 such trade is executed on the Australian Exchange, or such other Exchange or market outside of Canada;
- 6.4 the issuer of the security is not a reporting issuer under the Legislation; and
- 6.5 the majority of the directors and the majority of the senior officers of PaperLinX reside outside of any Jurisdiction.

DATED this 4 day of April, 2002.

Glenda A. Campbell, Q.C., Vice-Chair

James E. Allard, Member_____

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from registration and prospectus requirements for first trade of securities acquired pursuant to an employee purchase plan;

Applicable Alberta Statutory Provisions

Securities Act, RSA, 2000, c.S-4, s. 144