Information Statement

Dated March 19, 2004

Business Development Bank of Canada

BDC

Gold Bullion Securities Active Protection Notes, Series 1

Price: $100 per Note

Gold Bullion Securities Active Protection Notes, Series 1 ("Notes") are principal protected, non-interest bearing promissory notes issued by Business Development Bank of Canada ("BDC") and linked to the Merrill Lynch Gold Bullion Securities Active Protection Index (the "Reference Index"). The Reference Index is in turn linked to Gold Bullion Securities which are listed on the London Stock Exchange and quoted in U.S. dollars. The Note entitles the holder on maturity to a return equal to the principal amount of the Note plus an amount, if any, determined by reference to any increase in the level of the Reference Index and adjusted for changes in the U.S.-Canadian dollar exchange rate during the term of the Notes. The Notes are denominated in Canadian dollars and payments will be calculated and paid in Canadian dollars. A Note will not constitute a deposit that is insured under the *Canada Deposit Insurance Corporation Act*.

Merrill Lynch

BUSINESS DEVELOPMENT BANK OF CANADA

**Gold Bullion Securities Active Protection Notes,
Series 1 ("Notes")**

INFORMATION STATEMENT

This Information Statement has been prepared for the sole purpose of assisting prospective purchasers in making an investment decision with respect to the Notes. BDC has taken all reasonable care to ensure that the facts stated in this Information Statement in relation to the Notes are true and accurate in all material aspects and that there are no other material facts in relation to the Notes the omission of which would make any statement herein, whether of fact or opinion, misleading. No person has been authorized to give any information or to make any representations other than those that may be contained in (i) this Information Statement, (ii) any amendments made from time to time to this Information Statement, or (iii) any supplementary terms and conditions provided in any global note, in connection with the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this Information Statement nor the issue of the Notes nor any sale thereof shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of BDC since the date hereof.

The distribution of this Information Statement and the offering and sale of the Notes are restricted within Canada and to Canadian residents and may be subject to further restrictions within any relevant province or territory. BDC and the sales agents require persons into whose possession this Information Statement comes to inform themselves of and observe any and all such restrictions. More particularly, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended. The Notes may not be offered, sold or delivered within the United States or to United States persons (as such expressions are defined in the United States Internal Revenue Code and Regulations thereunder). This Information Statement does not constitute an offer or invitation by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or invitation. No securities commission or similar regulatory authority has in any way passed upon the merits of the Notes and any representation to the contrary may be an offence.

References herein to Gold Bullion Securities are to the new Gold Bullion Securities proposed to be listed on the London Stock Exchange before April 30, 2004, except where such references are to historical information in which case they refer to the old Gold Bullion Securities listed on the London Stock Exchange on December 9, 2003. See "The Gold Bullion Securities".

In this Information Statement, capitalized terms will have the meanings ascribed to them in this Information Statement and references to "$" are to Canadian dollars.

This Information Statement is confidential and should not be reproduced or disseminated in whole or in part without the permission of BDC.

The Notes do not constitute deposits insured under the Canada Deposit Insurance Corporation Act.

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Business Development Bank of Canada

Gold Bullion Securities Active Protection Notes,
Series 1

SUMMARY OF THE OFFERING

The following summary of the terms of the Notes is subject to, and should be read in conjunction with, the more detailed information which follows in this Information Statement and the terms and conditions set forth in the global security representing the Notes (the "Global Note"). Capitalized terms used but not defined in this summary are defined elsewhere in the Information Statement.

A Gold Bullion Securities Active Protection Note, Series 1 (each a "Note" and, collectively, the "Notes") is a principal protected, non-interest bearing index-linked promissory note issued by Business Development Bank of Canada ("BDC") and linked to the Merrill Lynch Gold Bullion Securities Active Protection Index (the "Reference Index"). The Reference Index is in turn linked to Gold Bullion Securities which are listed on the London Stock Exchange and quoted in U.S. dollars. If a Note is held to maturity, the holder of a Note (the "Noteholder") will receive at maturity the final redemption amount (the "Final Redemption Amount"), equal to the principal amount of the Note plus an amount, if any, determined by reference to any increase in the level of the Reference Index and adjusted for changes in the U.S.-Canadian dollar exchange rate during the term of the Notes. See "*Payment Under the Notes*".

Issuer:	BDC
Designation:	Gold Bullion Securities Active Protection Notes, Series 1
Principal Amount:	$100 per Note
Denominations:	$100 and integral multiples of $100
Minimum Subscription:	$2,000
Issue Price:	Notes will be issued at par for a price equal to the $100 Principal Amount of the Note.
Minimum Issue Size:	$15,000,000
Issue Date:	On or about April 30, 2004
Maturity Date and Term:	On or about April 29, 2011 (resulting in a term to maturity of approximately seven years).

Reference Index:

The Reference Index is the Merrill Lynch Gold Bullion Securities Active Protection Index. The Reference Index replicates a dynamic investment strategy that allocates an investment between units of Gold Bullion Securities ("Market Asset Units") and units of U.S. Government bonds ("Reserve Asset Units"). Initially, the Reference Index will have a 100% exposure to the Gold Bullion Securities. **The Reference Index will have an initial level of 94**. Subject to the following paragraph, as the level of the Reference Index rises, the Reference Index is rebalanced so that it consists of more Market Asset Units (up to a maximum of 150% through the use of leverage). As the level of the Reference Index falls, the Reference Index is rebalanced in accordance with the investment strategy to consist of more Reserve Asset Units, so that the targeted minimum return of the Reference Index may be attained.

Pursuant to this investment strategy, if the market price of the Market Asset Units should fall such that the Reference Index must be rebalanced to comprise only Reserve Asset Units, then, following the first occurrence of such an event, (i) no further rebalancing of the Reference Index will take place, (ii) the Reference Index will thereafter be constituted solely of Reserve Asset Units, regardless of the future value of the Market Asset Units, (iii) changes in the value of the Market Asset Units will no longer affect the level or the constituents of the Reference Index, and (iv) for the remaining term of the Reference Index, the level of the Reference Index will be approximately equal to the notional aggregate offer price of the number of Reserve Asset Units theoretically required to produce a redemption amount equal to the targeted minimum level of the Reference Index on the Index Maturity Date, plus the Adjustment Fee (as defined under "*The Notes – Fees and Expenses*") in respect of the remaining term of the Reference Index, as determined by the Reference Index Sponsor. (The term of the Reference Index and the term of the Note are not the same as the Index Maturity Date is scheduled to occur five Business Days prior to the Maturity Date of the Notes.)

The level of the Reference Index is calculated and published by Merrill Lynch International (in such capacity, the "Reference Index Sponsor"). The Reference Index Sponsor will endeavour to make available the level of the Reference Index on Page GAAINSIN1 (Reuters Group plc. ("Reuters")) under the symbol "GLC1" or such other information publication service as the Reference Index Sponsor may in its sole discretion select. See "*The Reference Index*" for a description of the Reference Index.

Gold Bullion Securities:

A Gold Bullion Security is a zero coupon note of nominal value issued by Gold Bullion Securities Limited which carries a right to redeem in gold or the cash equivalent (99.942% of one-tenth of one fine troy ounce of gold bullion as of March 12, 2004 and reduced monthly by a management fee which is initially 0.30% per annum accrued daily).

The Gold Bullion Securities are listed on the London Stock Exchange and are quoted in U.S. dollars. Gold Bullion Securities are intended to offer investors a means of investing in the gold bullion market without the necessity of taking physical delivery of gold, and to buy and sell that interest through trading of a security on the London Stock Exchange. They are designed to track the spot gold price, less the management fee. The Gold Bullion Securities were listed and posted for trading on the London Stock Exchange on December 9, 2003 and closed on that day at U.S. $40.90. On March 12, 2004, the closing market price of the Gold Bullion Securities was U.S. $40.32.

Gold Bullion Securities Limited has announced that it will issue new Gold Bullion Securities before April 30, 2004. The new Gold Bullion Securities will have substantially the same investment features and characteristics as the old Gold Bullion Securities and will be listed on the London Stock Exchange. The new Gold Bullion Securities will be created under revised documentation which establishes a different legal structure for the securities and improves the rights of holders of the securities. The new Gold Bullion Securities will trade under the symbol "GBS" and the old securities under the symbol "GBSA".

The Notes offered hereby will be linked to the new Gold Bullion Securities. However, historical references herein, such as the trading data under the caption "*The Gold Bullion Securities*" are to the old Gold Bullion Securities. As the investment features and characteristics of the old and new Gold Bullion Securities will be substantially the same, they can be expected to trade in a similar manner. However, past performance of the old Gold Bullion Securities is not necessarily indicative of the future performance of either the old Gold Bullion Securities or the new Gold Bullion Securities.

The Gold Bullion Securities are described below under "*The Gold Bullion Securities*".

Amounts Payable at Maturity:

Except in the circumstances described under "*Consequences of Extraordinary Events*" below, the amount payable under a Note on the Maturity Date will be the Final Redemption Amount, equal to the greatest of:

(a) $100;

(b) $\$100 + [(\text{Minimum Guaranteed Percentage} - 100\%) \times 100 \times \frac{FX_7}{FX_0}]$; and

(c) $\$100 + [(\text{Final Reference Index Level} - 100) \times \frac{FX_7}{FX_0}]$.

The Final Redemption Amount is adjusted positively or negatively for changes in the exchange rate of Canadian dollars for U.S. dollars over the term of the Notes.

"**FX_7**" is the exchange rate of Canadian dollars for U.S. dollars (expressed as the number of Canadian dollars for which one U.S. dollar can be exchanged) on the Index Maturity Date. "**FX_0**" is the exchange rate of Canadian dollars for U.S. dollars on the issue date of the Notes. The applicable exchange rates will be determined by the Reference Index Sponsor by reference to such services as the Reference Index Sponsor may reasonably determine to be appropriate. As a result of this exchange rate adjustment, if the U.S. dollar weakens relative to the Canadian dollar, the Canadian dollar return to holders of Notes will decrease. If, however, the Canadian dollar weakens relative to the U.S. dollar, the Canadian dollar return to holders of Notes will increase.

"**Final Reference Index Level**" means the level of the Reference Index as published by the Reference Index Sponsor on the Index Maturity Date (which will be April 22, 2011, except in certain circumstances). See "*Payment Under the Notes*".

Minimum Guaranteed Percentage:	The Reference Index incorporates a "partial profit lock-in" feature, by which the targeted minimum level (the "Minimum Guaranteed Percentage") of the Reference Index at the Index Maturity Date (expressed as a percentage of 100) rises above 100% when the level of the Reference Index first reaches 120. In particular, the Minimum Guaranteed Percentage rises to 110% when the Reference Index first reaches 120, and by a further 10% for every additional 20 index point increment, as illustrated below.

Reference Index level reaches for the first time:	Minimum Guaranteed Percentage equals:
120	110%
140	120%
160	130%
180	140%
200	150%
etc. in 20 point steps	etc. in 10 point steps

It should be noted that any rise in the Minimum Guaranteed Percentage occurs only once at each 20-point threshold level above the Reference Index level of 100, so that if the Reference Index were to fall and then rise again above the same threshold level, no further rise in the Minimum Guaranteed Percentage will occur in relation to that threshold level.

Not Redeemable:	The Notes cannot be redeemed by the Noteholders prior to the Maturity Date. The Notes are not redeemable by BDC prior to the Maturity Date except in the circumstances discussed in "*The Notes – Consequences of Extraordinary Events – Early Redemption*".
Consequences of Extraordinary Events:	If any Extraordinary Event described under the heading "*The Notes – Consequences of Extraordinary Events – Extraordinary Events*" occurs at any time during the term of the Notes, BDC may (but shall not be obligated to) redeem all of the Notes for an amount (the "Early Redemption Amount") if and only if the Early Redemption Amount would be equal to or greater than the Principal Amount of the Note. See "*The Notes – Consequences of Extraordinary Events – Early Redemption*". If, however, the Early Redemption Amount would be less than the Principal Amount of the Note, BDC will not be entitled to redeem the Notes notwithstanding the occurrence of an Extraordinary Event and holders will be entitled to a payment at maturity at least equal to the Principal Amount of the Note calculated as set forth below under the heading "*The Notes – Consequences of Extraordinary Events – Early Determination of Final Redemption Amount*". The effect of these provisions is to ensure that notwithstanding the occurrence of an Extraordinary Event, a Noteholder will nonetheless be entitled to receive at least the Principal Amount of the Note.
Status/Ranking:	The Notes will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes will be issued on an unsubordinated basis and, as among themselves, the Notes will rank *pari passu* and will be payable rateably without any preference or priority. The Notes will not

	constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.
Investment Eligibility:	The Notes will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans within the meaning of the *Income Tax Act* (Canada) (other than a deferred profit sharing plan to which payments are made by BDC or a corporation with which BDC does not deal at arm's length) and will not constitute foreign property for purposes of Part XI of that Act.
Book Entry Registration:	Records of ownership and transfer of the Notes will be maintained through the book-entry only system of The Canadian Depository for Securities Limited ("CDS") or its successor. The Notes must be purchased either directly or indirectly through a participant in the book-entry only system. Except in certain limited circumstances, Noteholders will not be entitled to receive certificates evidencing the Notes in definitive form. A Noteholder will not be shown on the records maintained by CDS, except through an agent who is a participant of CDS.
Risk Factors:	Prospective investors should be aware that the Notes will be linked to the performance of the Gold Bullion Securities, not to gold bullion. In addition, prospective investors should **consider carefully** the factors set out under "*Risk Factors*" before reaching a decision to buy the Notes.
Calculation Agent:	Merrill Lynch International, as Calculation Agent, will be BDC's agent for purposes of calculating, among other things, any Early Redemption Amount and the Final Redemption Amount.
Secondary Trading of Notes:	After the initial offering, Merrill Lynch Canada Inc. ("MLC") or any sales agents ("Sales Agents") appointed by MLC may from time to time, commencing on the first business day after the first anniversary of the Issue Date, purchase and sell Notes in the secondary market, but are not obligated to do so. There can be no assurance that there will be a secondary market for the Notes.
Early Cancellation Fees:	To the extent that MLC purchases Notes from time to time, BDC has authorized MLC to deduct a fee (in consideration of the services provided by MLC in connection with the offering of the Notes) from the purchase price of the Notes quoted by MLC for such purchase, calculated as a percentage of the Principal Amount of the Note, as follows:

Purchase Period	**Fee Deduction** (as a % of the Principal Amount of the Note)
May 1, 2005 – April 30, 2006	5%
May 1, 2006 – April 30, 2007	4%
May 1, 2007 – April 30, 2008	3%
May 1, 2008 – April 30, 2009	2%
After May 1, 2009	Nil

FREQUENTLY ASKED QUESTIONS

The following questions and answers have been prepared to provide potential investors with a brief summary of some of the features of the Notes and the information given in such answers is subject to, and should be read in conjunction with, the other sections of the Information Statement and the terms and conditions set forth in the Global Note.

Are the Notes RRSP eligible?

Yes, the Notes are RRSP eligible and will not constitute foreign property for purposes of the *Income Tax Act* (Canada).

Who is the issuer and what is its credit rating?

The issuer of the Notes is the Business Development Bank of Canada. The Notes will constitute direct unconditional obligations of BDC and, as such, will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes have not been rated by Dominion Bond Rating Service Limited ("DBRS"), Standard & Poor's Rating Service ("S&P"), Moody's Investor Services Inc. ("Moody's") or any other rating agency. As at the date hereof, the obligations of BDC with a term to maturity in excess of one year in Canadian currency were rated AAA by DBRS, AAA by S&P and Aaa by Moody's.

What is the minimum amount that a client can purchase?

The minimum purchase amount is $2,000.

Is the Principal Amount of the Notes protected?

100% of the Principal Amount of the Notes is protected whether the Notes are held to the Maturity Date or redeemed upon the occurrence of any "Extraordinary Event" as described under the heading "*The Notes – Consequences of Extraordinary Events*". However, the Principal Amount of the Notes is not protected if the investor sells the Notes prior to the Maturity Date.

How does the partial profit lock-in feature work?

When the Reference Index first reaches a level of 120 and at each 20 index point increment reached for the first time above 120, half of the 20 index point gain is locked-in, thereby increasing the Final Redemption Amount at the Maturity Date. Please note the partial profit lock-in feature only applies once at each threshold. For example, if the Reference Index reaches 120, the Minimum Guaranteed Percentage is 110%, of which the 100 is not subject to U.S.-Canadian dollar exchange rate fluctuations and the partial profit lock-in amount of 10 is subject to such exchange rate fluctuations. See "*Payments Under the Notes – Examples of the Final Redemption Amount*".

How is the value of the Notes affected by currency fluctuations?

The Principal Amount of the Notes is not subject to changes in the U.S.-Canadian dollar exchange rate; however the partial profit lock-in amounts are subject to such currency fluctuations. Because the underlying Gold Bullion Securities are denominated in U.S. dollars and the Minimum Guaranteed Percentage is expressed in U.S. dollars, any potential return on the Notes above the Principal Amount of the Notes is subject to changes in the U.S.-Canadian dollar exchange rate. Similar to the return on a direct investment in gold bullion, the return on an investment in the Notes will be affected positively by a depreciation of the Canadian dollar relative to the U.S. dollar and will be affected negatively by an appreciation of the Canadian dollar relative to the U.S. dollar, holding all other variables constant.

What happens if the market price of the Gold Bullion Securities falls?

Generally, a decline in the market price of the Gold Bullion Securities will result in the Reference Index being rebalanced so that it consists of more units of U.S. Government bonds (assuming all other factors, such as the price of U.S. Government bonds, remain constant). This reduces the exposure of the Notes to further decreases in the market price of the Gold Bullion Securities. The increased exposure of the Reference Index to units of U.S. Government bonds ensures that the Final Redemption Amount at the Maturity Date will not be less than the original Principal Amount of the Notes plus any partial profit lock-in amounts subject to U.S.-Canadian dollar exchange rate fluctuations.

If the market price of the Gold Bullion Securities should fall such that the Reference Index must be rebalanced to comprise only units of U.S. Government bonds, then, following the first occurrence of such an event, (i) no further rebalancing of the Reference Index will take place, (ii) the Reference Index will thereafter be constituted solely of units of U.S. Government bonds (regardless of the future market prices of the Gold Bullion Securities), and (iii) changes in the market price of the Gold Bullion Securities will no longer affect the level or the constituents of the Reference Index. Thereafter, the investor is entitled to the Principal Amount of the Note plus any partial profit lock-in amounts subject to U.S.-Canadian dollar exchange rates, as discussed above under "How is the value of the Notes affected by currency fluctuations?".

Can the upside potential of the Notes be increased?

In a rising gold market, the Reference Index is adjusted so that it consists of more units of the Gold Bullion Securities up to a maximum of 150% through the use of leverage. The potential to increase the exposure means that it is possible for the Reference Index to out-perform the underlying Gold Bullion Securities. However, the use of leverage can magnify both gains and losses.

Will Noteholders receive interest payments on the Notes?

The Notes are not conventional notes in that they do not provide Noteholders with a return or income stream prior to the Maturity Date. The Notes are designed for investors who prefer the opportunity to participate in the potential appreciation of the Reference Index, rather than receive periodic interest payments.

Why is the term of the Notes seven years?

The Notes are designed for investors seeking long-term economic exposure to the gold bullion and with additional benefits not typically offered by gold-related mutual funds, such as a partial profit lock-in feature, principal protection and low annual fees.

Will the Noteholders receive certificates representing the Notes purchased?

Except in certain limited circumstances, Noteholders will not be entitled to receive certificates evidencing the Notes in definitive form. A Noteholder will not be shown on the records maintained by CDS, except through an agent who is a participant of CDS. One or more definitive global notes evidencing the Notes will be issued on the Issue Date to CDS or its nominee as the only registered holder thereof. Investors will hold their interests in the Notes through their client accounts with a Sales Agent. See "*The Notes – Form and Registration*".

Is information on the values of the Gold Bullion Securities publicly available?

The Gold Bullion Securities will be listed and posted for trading on the London Stock Exchange under the trading symbol "GBS".

Is information on the level of the Reference Index publicly available?

The Reference Index Sponsor will endeavour to make available the level of the Reference Index on Page GAAININ1 (Reuters) under the symbol "GLC1" or such other information publication service as the Reference Index Sponsor may select.

PAYMENTS UNDER THE NOTES

Final Redemption Amount

The Final Redemption Amount, calculated by the Calculation Agent, payable in respect of the Principal Amount of the Note will be equal to the greatest of:

(a) $100;

(b) $\$100 + [(\text{Minimum Guaranteed Percentage} - 100\%) \times 100 \times \frac{FX_7}{FX_0}]$; and

(c) $\$100 + [(\text{Final Reference Index Level} - 100) \times \frac{FX_7}{FX_0}]$

Where,

"**Minimum Guaranteed Percentage**" is a percentage amount determined by reference to the increase in the level of the Reference Index. The Reference Index incorporates a "partial profit lock-in" feature, by which the Minimum Guaranteed Percentage of the Reference Index at the Index Maturity Date (expressed as a percentage of 100) rises above 100% when the level of the Reference Index first reaches 120. In particular, the Minimum Guaranteed Percentage rises to 110% when the Reference Index first reaches 120, and by a further 10% for every additional 20 index point increment on or prior to the Index Maturity Date (each, a "Lock-In Event"), as illustrated below. The term of the Note is not equal to the term of the Reference Index as the Index Maturity Date occurs five Business Days prior to the Maturity Date of the Notes, unless a Market Disruption Event occurs.

Reference Index level reaches for the first time:	Minimum Guaranteed Percentage equals:
120	110%
140	120%
160	130%
180	140%
200	150%
etc. in 20 point steps	etc. in 10 point steps

"**FX_0**" is the exchange rate of Canadian dollars for U.S. dollars (expressed as the number of Canadian dollars for which one U.S. dollar can be exchanged) on the issue date of the Notes, as determined by the Reference Index Sponsor on such date by reference to such sources as the Reference Index Sponsor may reasonably determine to be appropriate.

"**FX_7**" is the exchange rate of Canadian dollars for U.S. dollars (expressed as the number of Canadian dollars for which one U.S. dollar can be exchanged) on the Index Maturity Date, as determined by the Reference Index Sponsor on such date by reference to such sources as the Reference Index Sponsor may reasonably determine to be appropriate.

"**Principal Amount**" is $100 per Note.

"**Final Reference Index Level**" means the level of the Reference Index, as published by the Reference Index Sponsor on the Index Maturity Date, provided that if no such level is published on such date, it shall be the level of the Reference Index on such date as determined by the Calculation Agent, in its sole discretion, having regard to such sources as it deems appropriate.

"**Reference Index**" means the Merrill Lynch Gold Bullion Securities Active Protection Index calculated and published by the Reference Index Sponsor, provided that if such index is: (i) not calculated and published by the Reference Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent; or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula or method of calculation as used in relation to the Merrill Lynch Gold Bullion Securities Active Protection Index then, in each case, such successor index (the "Successor Reference Index") should be deemed to be the Reference Index, and the related sponsor thereof, the Reference Index Sponsor. See "*The Reference Index*" for a description of the Merrill Lynch Gold Bullion Securities Active Protection Index.

"**Index Maturity Date**" means the date defined as such in relation to the Reference Index (or, if applicable, the equivalent or corresponding term thereto in relation to any Successor Reference Index), as determined by the Calculation Agent. The Index Maturity Date is scheduled for April 22, 2011, provided that if such day (i) is not a Business Day, or (ii) is a day (a "Disruption Day") on which a Market Disruption Event has occurred or is continuing, it shall be the earlier of (a) the next succeeding Business Day which is not a Disruption Day, and (b) the day which is the seventh calendar day after April 22, 2011.

All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, absent a determination by the Calculation Agent of a manifest error, shall be conclusive for all purposes and binding on BDC and the holders and beneficial owners of the Notes.

See "*The Reference Index – Certain Definitions Relating to the Reference Index*" for a description of the terms "Business Day", "Market Disruption Event" and "Market Asset Disruption Event".

Final Rebalancing Event

If the value of the Gold Bullion Securities should fall such that the Reference Index must be rebalanced to comprise only Reserve Asset Units (a "Final Rebalancing Event"), then, following the first occurrence of such an event, (i) no further rebalancing of the Reference Index will take place, (ii) the Reference Index will thereafter be constituted solely of Reserve Asset Units (regardless of the future performance of the Gold Bullion Securities), (iii) changes in the market price of the Gold Bullion Securities will no longer affect the level or the constituents of the Reference Index, and (iv) for the remaining term of the Reference Index, the level of the Reference Index will be approximately equal to the notional aggregate offer price of the number of Reserve Asset Units theoretically required to produce a redemption amount equal to the targeted minimum level of the Reference Index on the Index Maturity Date, plus the Adjustment Fee in respect of the remaining term of the Reference Index, as determined by the Reference Index Sponsor. (The term of the Reference Index and the term of the Note are not the same as the Index Maturity Date is scheduled to occur five Business Days prior to the Maturity Date of the Notes.)

Examples of the Final Redemption Amount

Below are examples of Final Redemption Amount calculations assuming an investment term equal to that of the Notes. Each of these examples is based on hypothetical randomly generated future market prices for the Gold Bullion Securities for each of the trading days during the term of the Notes. The future market prices and the assumptions listed below are then used as inputs into a computer program which is designed to replicate the dynamic investment strategy summarized in "The Reference Index - Rebalancing" and which incorporates certain formulae set out in Schedule 1 of the Global Note. **These examples are included for purposes of illustration only and should not be construed as a forecast or projection. No assurance can be given that the results shown in these examples would ever be realized.**

The examples have been prepared based on the following assumptions:

1. Each Noteholder purchases one Note in the Principal Amount of $100.

2. Each year has 252 trading days.

3. The initial level of the Reference Index is 94.

4. The Trading Multiple is 6 and does not change during the term of the Note. (This is for illustrative purposes only — the Trading Multiple will be set on the Issue Date and will actually vary over the term of the Note in accordance with the provisions set out in item 9 of Schedule 2 of the Global Note.)

5. The Adjustment Fee is 1.70% per annum before a Final Rebalancing Event and 0% per annum thereafter. (This is for illustrative purposes only — the Adjustment Fee will actually be 0.45% per annum following a Final Rebalancing Event.)

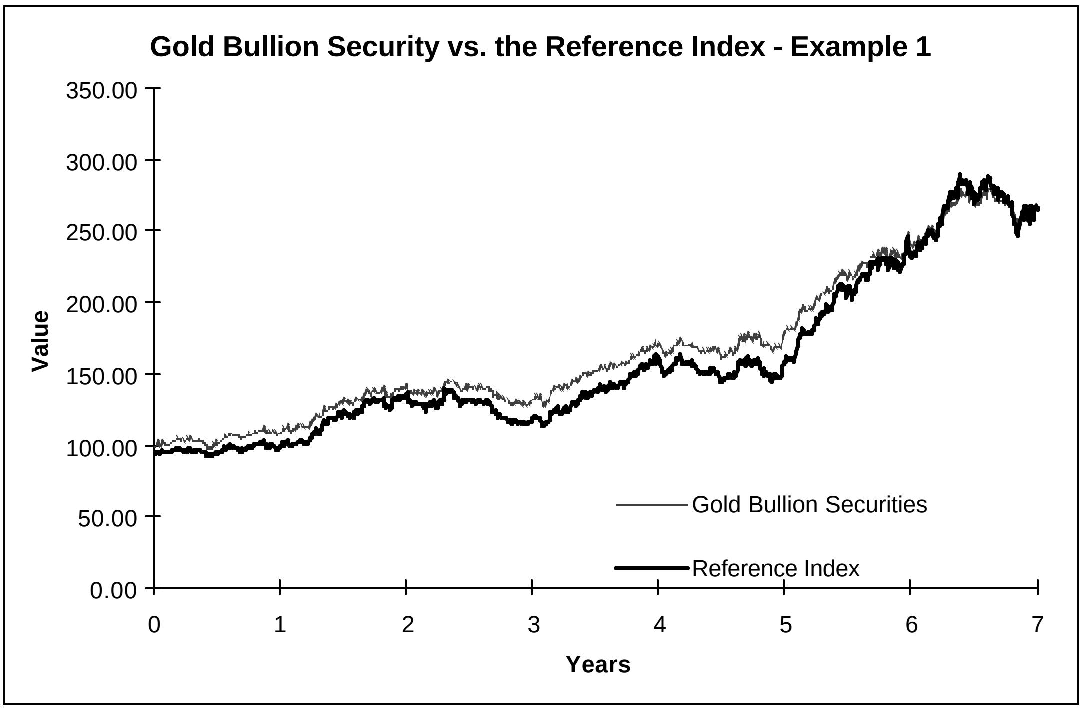
6. The prevailing interest rate is U.S.$ LIBOR of 1.09% per annum and does not change over the term of the Note. This rate is used as an input to calculate the "Prevailing Leverage Rate" as described in Schedule 2 of the Global Note.

7. The U.S. Government bond yield is 3.365% per annum for the entire term of the Note. This rate is used to calculate the "Original Bond" component of the mechanics described in Schedule 1 of the Global Note.

The examples set forth below are highly simplified as they do not reflect the fact that the actual calculations with respect to the Notes are made daily and are highly "path dependent"; that is, each adjustment to a variable on a day affects the next day's value which affects the next day's value, etc. until the Index Maturity Date. Therefore, any slight change on any day to any of the variables above may have a significant impact on the Final Reference Index Level.

Example #1 – Rising Gold Bullion Securities Prices (fluctuating U.S.-Canadian exchange rate)

In this example, the Reference Index increases beyond a level of 280.00 in the seventh year, triggering a partial profit lock-in of 90 and setting the Minimum Guaranteed Percentage on the Maturity Date at 190%. In addition, this example provides three different scenarios (1A, 1B and 1C) which reflect changes in the U.S.-Canadian dollar exchange rate on the Maturity Date and the effect of these exchange rate fluctuations on the Final Redemption Amount.



Calculation of Minimum Guaranteed Percentage:

Year	0	1	2	3	4	5	6	7	Final Reference Index Level
Reference Index Level (year end)	**94**	**99.23**	**137.29**	**117.65**	**160.39**	**158.60**	**231.58**	**264.40**	**264.40**
Reference Index Level (yearly high)	94.00	102.66	137.29	139.16	163.60	163.78	246.33	289.84	
Gold Bullion Securities Price	100.00	109.20	142.48	131.44	170.76	179.42	237.88	266.24	
Minimum Guaranteed Percentage (at maturity)	100%	100%	110%(1)	110%	130%(1)	130%	170%(1)	190%(1)	
Exposure to Gold Bullion Securities	100%	105%	147%	100%	149%	133%	150%	150%	

1) A profit lock-in event occurs in years 2, 4, 6 and 7 due to increases in the levels of the Reference Index during such years above certain thresholds stipulated under "Minimum Guaranteed Percentage" on page 10 of the Information Statement.

Example #1A – Flat Canadian Dollar

In this example the U.S.-Canadian dollar exchange rate on the Index Maturity Date is assumed to remain unchanged from the Issue Date, such that the Final Redemption Amount is unaffected by U.S.-Canadian dollar exchange rate fluctuations.

Final Redemption Amount is the greatest of:

i) $100;

– and –

ii) $$\$100 \text{ x } [(\text{Minimum Guaranteed Percentage} - 100\%) \text{ x } 100 \text{ x } \frac{FX_7}{FX_0}$$

$$= \$100 + [(190\% - 100\%) \text{ x } 100 \text{ x } \frac{1.33}{1.33}] = \underline{\underline{\$190.00}}$$

– and –

iii) $$\$100 + [(\text{Final Reference Index Level} - 100) \text{ x } \frac{FX_7}{FX_0}]$$

$$= \$100 + [(264.40 - 100) \text{ x } \frac{1.33}{1.33}] = \underline{\underline{\$264.40}}$$

Final Redemption Amount = $264.40

In Example #1A, the Noteholder would receive a Final Redemption Amount of $264.40 on the Maturity Date.

Example #1B – Appreciating Canadian Dollar

In this example, the U.S.-Canadian dollar exchange rate on the Index Maturity Date is assumed to be lower relative to the exchange rate on the Issue Date, resulting in a lower Final Redemption Amount for the investor on the Maturity Date.

Final Redemption Amount is the greatest of:

i) $\$100$;

– and –

ii) $$\$100 + \left[(\text{Minimum Guaranteed Percentage} - 100\%) \times 100 \times \frac{FX_7}{FX_0}\right]$$

$$= \$100 + \left[(190\% - 100\%) \times 100 \times \frac{1.00}{1.33}\right] = \underline{\underline{\$167.67}}$$

– and –

iii) $$\$100 + \left[(\text{Final Reference Index Level} - 100) \times \frac{FX_7}{FX_0}\right]$$

$$= \$100 + \left[(264.40 - 100) \times \frac{1.00}{1.33}\right] = \underline{\underline{\$223.61}}$$

Final Redemption Amount = $223.61

In Example #1B, the Noteholder would receive a Final Redemption Amount of $223.61 on the Maturity Date.

Example #1C – Depreciating Canadian Dollar

In this example, the U.S.-Canadian dollar exchange rate on the Index Maturity Date is assumed to be higher relative to the exchange rate on the Issue Date, resulting in a higher Final Redemption Amount for the investor on the Maturity Date.

Final Redemption Amount is the greatest of:

i) $100;

– and –

ii) $\$100 + [(\text{Minimum Guaranteed Percentage} - 100\%) \times 100 \times \frac{FX_7}{FX_0}]$

$= \$100 + [(190\% - 100\%) \times 100 \times \frac{2.00}{1.33}] = \underline{\underline{\$235.34}}$

– and –

iii) $\$100 + [(\text{Final Reference Index Level} - 100) \times \frac{FX_7}{FX_0}]$

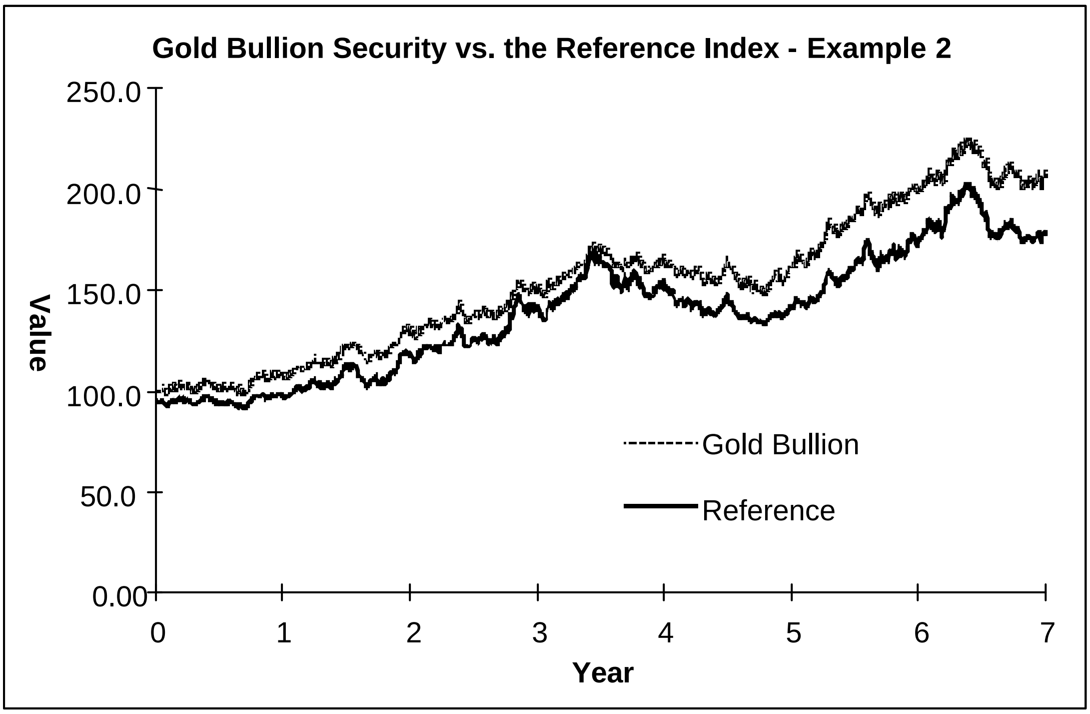
$= \$100 + [(264.4 - 100) \times \frac{2.00}{1.33}] = \underline{\underline{\$347.22}}$

Final Redemption Amount = $347.22

In Example #1C, the Noteholder would receive a Final Redemption Amount of $347.22 on the Maturity Date.

Example #2 – Rising Gold Bullion Securities Prices (constant U.S.-Canadian dollar exchange rate)

In this example, the Reference Index increases beyond a level of 200.00 in the seventh year, triggering a partial profit lock-in of 50 and setting the Minimum Guaranteed Percentage on the Maturity Date at 150%. In addition, in this example the U.S.-Canadian dollar exchange rate on the Index Maturity Date is assumed to remain unchanged from the Issue Date (i.e. flat Canadian dollar), such that the Final Redemption Amount is unaffected by U.S.-Canadian dollar exchange rate fluctuations.



Calculation of Minimum Guaranteed Percentage:

Year	0	1	2	3	4	5	6	7	Final Reference Index Level
Reference Index Level (year end)	**94.00**	**97.15**	**116.99**	**139.86**	**153.81**	**141.88**	**176.27**	**177.56**	**177.56**
Reference Index Level (yearly high)	94.00	99.20	119.90	147.82	168.23	153.81	177.63	203.41	
Gold Bullion Securities Price	100.00	106.55	128.99	149.62	165.49	162.26	200.96	205.65	
Minimum Guaranteed Percentage (at maturity)	100%	100%	100%	120%(1)	130%(1)	130%	130%	150%(1)	
Exposure to Gold Bullion Securities	100%	96%	150%	148%	129%	82%	150%	93%	

1) A profit lock-in event occurs in years 3, 4, and 7 due to increases in the levels of the Reference Index during such years above certain thresholds stipulated under "Minimum Guaranteed Percentage" on page 10 of the Information Statement.

Final Redemption Amount is the greatest of:

i) $\underline{\$100}$;

– and –

ii) $\$100 + [(\text{Minimum Guaranteed Percentage} - 100\%) \times 100 \times \frac{FX_7}{FX_0}]$

$= \$100 + [(140\% - 100\%) \times 100 \times \frac{1.33}{1.33}] = \underline{\$150.00}$

– and –

iii) $\$100 + [(\text{Final Reference Index Level} - 100) \times \frac{FX_7}{FX_0}]$

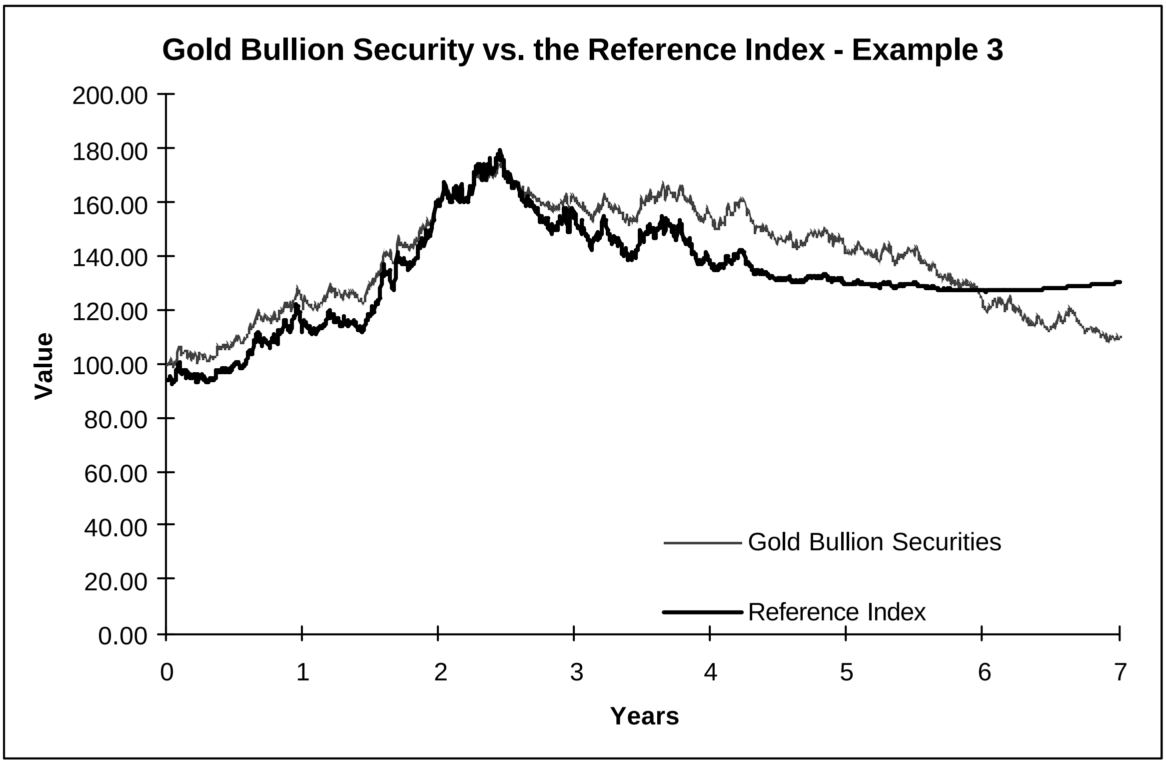
$= \$100 + [(177.56 - 100) \times \frac{1.33}{1.33}] = \underline{\$177.56}$

Final Redemption Amount = $177.56

In Example #2, the Noteholder would receive a Final Redemption Amount of $177.56 on the Maturity Date.

Example #3 – Rising Then Falling Gold Bullion Securities Prices (constant U.S.-Canadian dollar exchange rate)

In this example, the Reference Index increases beyond a level of 160.00 in the second year, triggering a partial profit lock-in of 30 and setting the Minimum Guaranteed Percentage on the Maturity Date at 130%, regardless of the performance of the Gold Bullion Securities thereafter. It is assumed that the market price of the Gold Bullion Securities decreases in the seventh year, resulting in the occurrence of a Final Rebalancing Event in which the Reference Index will be rebalanced such that 100% of its notional assets would thereafter consist only of units of U.S. Government bonds (in order to ensure that the Final Reference Index Level will be equal to the targeted minimum level which, in this example, is 130). The Reference Index would no longer fluctuate with increases or decreases in the market price of the Gold Bullion Securities. In addition, in this example the U.S.-Canadian dollar exchange rate on the Index Maturity Date is assumed to remain unchanged from the Issue Date (i.e. flat Canadian dollar), such that the Final Redemption Amount is unaffected by U.S.-Canadian dollar exchange rate fluctuations.



Calculation of Minimum Guaranteed Percentage:

Year	0	1	2	3	4	5	6	7	Final Reference Index Level
Reference Index Level (year end)	**94**	**114.89**	**158.78**	**156.04**	**138.80**	**129.54**	**127.06**	**130.00**	**130.00**
Reference Index Level (yearly high)	94.00	122.47	160.93	179.25	156.27	142.72	130.63	130.00	
Gold Bullion Securities Price	100.00	123.00	159.74	161.87	154.93	142.00	121.40	110.39	
Minimum Guaranteed Percentage (at maturity)	100%	110%(2)	130%(2)	130%	130%	130%	130%	130% (1)	
Exposure to Gold Bullion Securities	100%	119%	150%	149%	99%	39%	6%	0%	

1) A Final Rebalancing Event occurs in year 7 due to a decrease in the market price of the Gold Bullion Securities in that year, such that the Reference Index is rebalanced to comprise only units of U.S. Government bonds. For the remaining term of the Reference Index, the level of the Reference Index will be approximately equal to the notional aggregate offer price of the number of Reserve Asset Units theoretically required to produce a Final Reference Index Level of 130, plus the Adjustment Fee in respect of the remaining term of the Reference Index, as determined by the Reference Index Sponsor.

2) A profit lock-in event occurs in years 1 and 2 due to increases in the levels of the Reference Index during such years above certain thresholds stipulated under "Minimum Guaranteed Percentage" on page 10 of the Information Statement.

Final Redemption Amount is the greatest of:

i) $100;

– and –

ii) $\$100 + [(\text{Minimum Guaranteed Percentage} - 100\%) \times 100 \times \frac{FX_7}{FX_0}]$

$= \$100 + [(130\% - 100\%) \times 100 \times \frac{1.33}{1.33}] = \underline{\$130.00}$

– and –

iii) $\$100 + [(\text{Final Reference Index Level} - 100) \times \frac{FX_7}{FX_0}]$

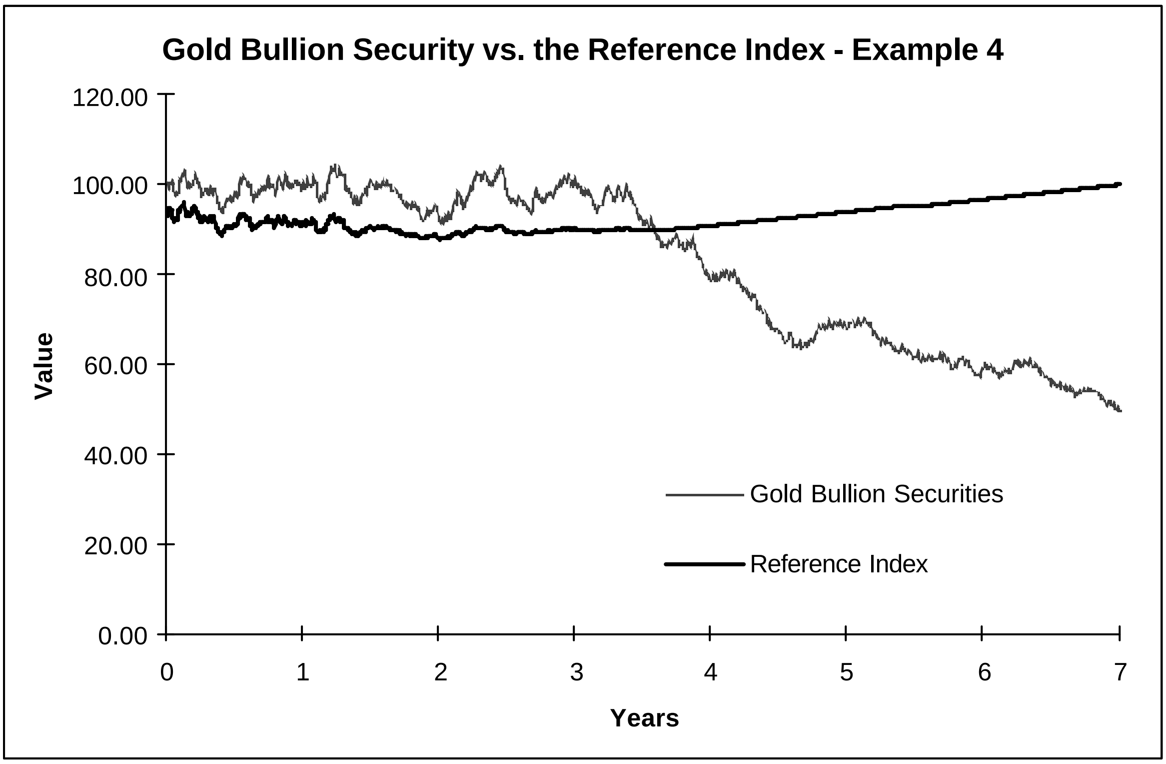
$= \$100 + [(130 - 100) \times \frac{1.33}{1.33}] = \underline{\$130.00}$

Final Redemption Amount = $130.00

In Example #3, due to the effect of the "partial profit lock-in" feature, the Noteholder would receive a Final Redemption Amount of $130.00 on the Maturity Date.

Example #4 – Falling Gold Bullion Securities Prices (constant U.S.-Canadian dollar exchange rate)

In this example, it is assumed that the Gold Bullion Securities decrease in market price by 22% in the fourth year, resulting in the occurrence of a Final Rebalancing Event in which the Reference Index is to be rebalanced such that 100% of its notional assets would thereafter consist only of units of U.S. Government bonds (in order to ensure that the Final Reference Index Level will be equal to the targeted minimum level which, in this example, is 100). The Reference Index would no longer fluctuate with increases or decreases in the market price of the Gold Bullion Securities. In addition, in this example the U.S.-Canadian dollar exchange rate on the Index Maturity Date is assumed to remain unchanged on the Issue Date (i.e. flat Canadian dollar), such that the Final Redemption Amount is unaffected by U.S.-Canadian dollar exchange rate fluctuations.



Calculation of Minimum Guaranteed Percentage:

Year	0	1	2	3	4	5	6	7	Final Reference Index Level
Reference Index Level (year end)	**94.00**	**91.48**	**87.86**	**90.00**	**90.70**	**93.70**	**96.80**	**100.00**	**100.00**(2)
Reference Index Level (yearly high)	94.00	96.28	93.08	90.84	90.70	93.70	96.80	100.00	
Gold Bullion Securities Price	100.00	100.45	91.28	100.26	78.33	68.02	58.94	49.40	
Minimum Guaranteed Percentage (at maturity)	100%	100%	100%	100%	100%	100%	100%	100% (2)	
Exposure to Gold Bullion Securities	100%	59%	22%	17%	0% (1)	0%	0%	0%	

1) A Final Rebalancing Event occurs in year 4 due to a substantial decrease in the market price of the Gold Bullion Securities in that year, such that the Reference Index is rebalanced to comprise only units of U.S. Government bonds. For the remaining term of the Reference Index, the level of the Reference Index will be approximately equal to the notional aggregate offer price of the number of Reserve Asset Units theoretically required to produce a Final Reference Index Level of 100, plus the Adjustment Fee in respect of the remaining term of the Reference Index, as determined by the Reference Index Sponsor.

2) No profit lock-in events occur during the term of the Note.

Final Redemption Amount is the greatest of:

i) $\underline{\$100}$;

– and –

ii) $\$100 + [(\text{Minimum Guaranteed Percentage} - 100\%) \times 100 \times \frac{FX_7}{FX_0}]$

$= \$100 + [(100\% - 100\%) \times 100 \times \frac{1.33}{1.33}] = \underline{\$100.00}$

– and –

iii) $\$100 + [(\text{Final Reference Index Level} - 100) \times \frac{FX_7}{FX_0}]$

$= \$100 + [(100 - 100) \times \frac{1.33}{1.33}] = \underline{\$100.00}$

Final Redemption Amount = $100.00

In Example #4, the Noteholder would receive a Final Redemption Amount of $100.00 on the Maturity Date.

THE NOTES

The following is a summary of the material attributes and characteristics of the Notes. Reference is made to the Global Note (defined under " – *Form and Registration*" below) for the full text of such attributes and characteristics.

Terms of the Notes

The Notes issued by BDC will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes will be issued on an unsubordinated basis and, as among themselves, the Notes will rank *pari passu* and will be payable rateably without any preference or priority. However, the Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

Notes will be issued by BDC on or about April 30, 2004 (the "Issue Date") at par for a price equal to their Principal Amount. The Principal Amount of each Note is $100. The Maturity Date will be on or about April 29, 2011 (resulting in a term to maturity of approximately seven years). Subject to certain events described herein, the calculation of the Final Reference Index Level will occur five Business Days prior to the Maturity Date, unless a Market Disruption Event occurs. The Final Redemption Amount of each Note will become payable to a Noteholder on the Maturity Date.

The Final Redemption Amount will be determined by the Calculation Agent in accordance with the formulae and related definitions noted under "*Payments Under the Notes*".

Form and Registration

All Notes will be represented by a fully-registered book-entry only global security (the "Global Note") held by or on behalf of CDS as custodian of the Global Note (for its participants), and registered in the name of CDS or its nominee (the "Nominee"), initially CDS & Co. The Global Note will represent indebtedness of BDC under the Notes in respect of the aggregate Principal Amount. (All references to the Notes and a Note contained in this Information Statement will include the Global Note unless the context otherwise requires.)

Except in the limited circumstances described below, purchasers of beneficial interests in the Global Note will not be entitled to receive Notes in definitive form. Rather, the Notes will be represented in book-entry form only. Beneficial interests in the Global Note, constituting ownership of Notes, will be represented through book-entry accounts of institutions acting on behalf of Noteholders, as direct and indirect participants of CDS. CDS will be responsible for establishing and maintaining book-entry accounts for its participants having interests in the Global Note. Transfers of ownership of beneficial interests in the Global Note will be effected through records maintained by CDS for such Global Note or the Nominee (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants).

If CDS notifies BDC that it is unwilling or unable to continue as depository in connection with the Global Note or ceases to be recognized as a clearing agency under applicable Canadian securities legislation at a time when it is required to be and, if a successor depository is not appointed by BDC within 90 days after receiving such notice or becoming aware that CDS is no longer recognized, BDC will issue or cause to be issued Notes in definitive form upon registration of a transfer of, or in exchange for, the Global Note. Notes in definitive form will be in fully registered form. The text of the definitive Notes will contain such provisions as BDC may deem necessary or advisable provided that such provisions may not be incompatible with the provisions of the terms and conditions of the Notes as set out in this Information Statement.

BDC will keep or cause to be kept a register in which will be recorded registrations and transfers of Notes in definitive form, if issued. Such register will be kept at the office of BDC, or at such other office notified by BDC to the Noteholders.

No transfer of the Global Note in definitive form will be valid unless registered in the aforesaid register upon surrender of the Global Note in definitive form for cancellation with a written instrument of transfer in form and as to execution satisfactory to BDC, and upon compliance with such reasonable requirements as BDC may prescribe.

The Global Note may not be transferred except as a whole by CDS to a nominee of CDS, or by a nominee of CDS to CDS or another nominee of CDS.

Payment at Maturity

The Final Redemption Amount payable under the Global Note on the Maturity Date will be made available by BDC no later than 2:00 p.m. (Toronto time) on the Maturity Date, at BDC's option either through the Paying and Transfer Agent (as defined under "– *Paying and Transfer Agent*" below) or through CDS or its Nominee in accordance with arrangements between BDC and CDS. If the Maturity Date is not a day on which BDC is open for business in Montreal, Quebec, the Final Redemption Amount payable under the Global Note will be made on the next succeeding Business Day on which BDC is open for business in Montreal, Quebec. The Paying and Transfer Agent or CDS or its Nominee (as the case may be) will, upon receipt of any such amount, immediately facilitate payment to the applicable CDS participants, or credit to those participants' CDS accounts, in amounts proportionate to their respective beneficial interests in the Final Redemption Amount as shown on the records of CDS or its Nominee. BDC expects that payments by participants to owners of beneficial interests in the Global Note held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participants. The responsibility and liability of BDC in respect of Notes represented by a Global Note is limited to making payment of any amount due on the Global Note to CDS or its Nominee.

Neither BDC nor the Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership of Notes represented by the Global Note or for maintaining, supervising or reviewing any records relating to such ownership.

Payments of the Final Redemption Amount on definitive Notes, if issued, will be made by cheque mailed to the Noteholder at the address of the Noteholder appearing in the aforementioned register in which registrations and transfers of Notes are to be recorded or, if requested in writing by the Noteholder at least five Business Days before the date of the payment and agreed to by BDC, by electronic funds transfer to a bank account nominated by the Noteholder with a bank in Canada. Payment under any definitive Note is conditional upon the Noteholder first delivering the Note to BDC; BDC reserves the right to retain the Note and mark the Note as cancelled.

Neither BDC, the Paying and Transfer Agent nor CDS will be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting with respect to any Note.

The Final Redemption Amount is payable in Canadian dollars.

Consequences of Extraordinary Events

Extraordinary Events

For the purposes of the foregoing, "Extraordinary Event" means any of the following events:

(a) the Reference Index Sponsor makes a material change in the formula for, or the method of calculating, the Reference Index, or otherwise materially modifies the investment aims of the Reference Index (other than in any way provided for in such formula or method for maintaining the investment aims of the Reference Index);

(b) the occurrence of any event outside the control of the Calculation Agent which (in the determination of the Calculation Agent) would have the effect of preventing the Calculation Agent from converting U.S. dollars into Canadian dollars, or vice versa, or materially increasing the cost to the Calculation Agent (whether or not in the form of any tax or similar charge) for effecting any such conversion;

(c) the Reference Index Sponsor fails to calculate and publish the Reference Index for five consecutive Business Days;

(d) the occurrence of a Market Disruption Event; and

(e) any change in applicable law or regulation that results, or will result, solely by reason of the Notes being outstanding, in BDC being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by BDC to be materially onerous to it.

Early Redemption

If any Extraordinary Event occurs at any time during the term of the Notes, BDC may (but shall not be obligated to) redeem all of the Notes for an amount (the "Early Redemption Amount") if and only if the Early Redemption Amount would be equal to or greater than the Principal Amount of the Note. If the Early Redemption Amount would be less than the Principal Amount of the Note, BDC will not be entitled to redeem the Notes notwithstanding the occurrence of any Extraordinary Event and Noteholders will be entitled to a payment at maturity calculated as set forth below under the heading " – *Early Determination of Final Redemption Amount*". The effect of these provisions is to ensure that notwithstanding the occurrence of an Extraordinary Event, a Noteholder will nonetheless be entitled to receive at least the Principal Amount of the Note.

The Early Redemption Amount will be calculated by the Calculation Agent on the third Business Day following the occurrence of the Extraordinary Event (the "Early Redemption Valuation Date"). The Early Redemption Amount payable in respect of each Note will be equal to (i) the Calculation Agent's determination of the market value of each Note on the Early Redemption Valuation Date, taking into account such factors as, but not limited to, interest rates, the level of the Reference Index, implied volatilities in the options markets and exchange rates, less (ii) the "Associated Costs". Associated Costs means an amount per Note equal to the *pro rata* share (on the basis of the Principal Amount of the Note and the aggregate Principal Amount of all Notes which have not been redeemed or cancelled as at the relevant Early Redemption Valuation Date) of the total amount of any and all costs associated or incurred by BDC or any company affiliated with it in connection with such early redemption, including, without limitation, any funding related costs and any costs associated with unwinding any hedge positions relating to the Notes, all as determined by the Calculation Agent in its sole discretion.

If BDC is entitled to and elects to redeem the Notes upon the occurrence of an Extraordinary Event, it will provide notice in the manner set forth under the heading " – *Notices to Noteholders*" below within three Business Days following the Early Redemption Valuation Date informing the Noteholders that an early redemption of the Notes will occur and that the Early Redemption Amount will be payable on the tenth calendar day after the date of such notice.

Early Determination of Final Redemption Amount

If the Early Redemption Amount would be less than the Principal Amount of the Note on the Early Redemption Valuation Date, then BDC will not be entitled to redeem the Notes. Instead, the Notes will no longer be linked to the Reference Index and the Noteholder will receive at the Maturity Date an amount equal to the aggregate of (i) the Principal Amount of the Note, and (ii) the amount, if any, by which the future value of the Early Redemption Amount at the Maturity Date determined using a rate equal to the relevant Government of Canada bond yield exceeds the Principal Amount of the Note.

Plan of Distribution

The Notes are being offered by BDC through MLC, as Placement Agent, which has agreed to use its best efforts to solicit purchases of the Notes for the period up to the Issue Date. MLC may appoint sales agents ("Sales Agents") acceptable to BDC, acting reasonably, to offer and sell the Notes.

BDC reserves the right to issue additional notes of a series previously issued, and other debt securities which may have terms substantially similar to the terms of the Notes offered hereby, which may be offered by BDC concurrently with the offering of Notes subject to the terms and conditions contained in the agency agreement to be entered into between MLC and BDC in respect of the offering of Notes.

Secondary Trading of Notes

A Noteholder is not entitled to receive the Final Redemption Amount before the Maturity Date. However, if there is an available secondary market (and there can be no assurance that there will be such a market or whether such market will be liquid or illiquid), the Noteholder could sell the Note.

After the initial offering, MLC or any Sales Agents may from time to time, commencing on the first business day after the first anniversary of the Issue Date, purchase and sell Notes in the secondary market, but are not obligated to do so. There can be no assurance that there will be a secondary market for the Notes. The offering price and other selling terms for such sales in the secondary market may, from time to time, be varied by MLC. To the extent that MLC purchases Notes in the secondary market, BDC has authorized MLC to deduct a fee (in consideration of the services provided by MLC in connection with the initial distribution of the Notes) from the purchase price of the Notes quoted by MLC for such purchase, calculated as a percentage of the Principal of the Note, as follows:

Purchase Period	**Fee Deduction** (as a % of the Principal Amount of the Note)
May 1, 2005 – April 30, 2006	5%
May 1, 2006 – April 30, 2007	4%
May 1, 2007 – April 30, 2008	3%
May 1, 2008 – April 30, 2009	2%
After May 1, 2009	Nil

The trading price of a Note at any time will be dependent on, among other things, (i) the closing values of the Reference Index since the Issue Date, (ii) the fact that the $100 Principal Amount of the Note is payable on the Maturity Date regardless of the closing value of the Reference Index at any time, (iii) a number of other interrelated factors, including, without limitation, volatility in the closing value of the Reference Index, prevailing interest rates, the time remaining to the Maturity Date, and market demand for the Notes, and (iv) prevailing exchange rates of Canadian dollars for U.S. dollars over the term of the Notes. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Note.

The Noteholder may wish to consult his or her investment advisor on whether it would be more favourable in the circumstances at any time to sell the Note (assuming the availability of a secondary market) or hold the Note until the Maturity Date.

Fees and Expenses

BDC has agreed to pay the Sales Agents and MLC, as Placement Agent, an upfront commission of 4% and 2%, respectively, of the Principal Amount of each Note in connection with the sale of the Notes. No part of any commission paid by BDC to MLC may be reallocated, directly or indirectly, to any purchaser of Notes or to others, except for Sales Agents, and MLC will not be entitled to receive any commission from any other party in respect of sales of the Notes.

Merrill Lynch International and its affiliates will also receive a fee (the "Adjustment Fee") through a reduction in the level of the Reference Index on a daily basis (calculated on the basis of a year of 360 days) at a fixed rate of 1.70% per annum of the prevailing level of the Reference Index; however, after a Final Rebalancing Event (as defined under "*Payment Under the Notes*" above), the rate will be 0.45% per annum. Accordingly, the amount of the Adjustment Fee will decrease if the level of the Reference Index falls during the term of the Note and will increase if the level of the Reference Index rises during the term of the Note, and the fixed rate of the Adjustment Fee will decrease if the Reference Index is shifted entirely into U.S. government bonds following a Final Rebalancing Event. In any event, a Noteholder will be entitled to receive at least the Principal Amount of the Note if the Notes are held to the Maturity Date or redeemed upon the occurrence of an Extraordinary Event.

Business Development Bank of Canada

BDC's address for purposes of the Notes is: 5 Place Ville-Marie, Bureau 400, Montreal, Quebec H3B 5E7, Attention: Vice-President and Treasurer.

Calculation Agent

"Calculation Agent" means Merrill Lynch International in its capacity as the calculation agent for the Notes as appointed by BDC. The Calculation Agent shall act as an independent expert and as an agent for

BDC. Merrill Lynch International's address is Merrill Lynch Financial Centre, 2 King Edward Street, London, England EC1A 1HQ . Whenever the Calculation Agent is required to act, it will do so in good faith. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, absent a determination by the Calculation Agent of a manifest error, shall be conclusive for all purposes and binding on BDC and the Noteholders.

Paying and Transfer Agent

"Paying and Transfer Agent" means the paying and transfer agent for the Notes appointed by BDC from time to time.

Dealings with Companies

Each of BDC, the Calculation Agent and the Paying and Transfer Agent and any affiliates of the foregoing may from time to time, in the course of its normal business operations, extend credit to, or hold interests in or linked to the Gold Bullion Securities or other securities of, or enter into other business dealings with, Gold Bullion Securities Limited. Each of BDC, the Calculation Agent and the Paying and Transfer Agent has agreed that all such actions taken by it shall be taken based on normal commercial criteria in the particular circumstances and shall not take into account the effect, if any, of such actions on the level of the Reference Index or the amount of the Final Redemption Amount that may be payable on the Notes.

Notices to Noteholders

If notice is required to be given to Noteholders in the circumstances contemplated in this Information Statement, such notice will be made through CDS by BDC or its agent publishing for circulation to CDS participants a notice or bulletin setting forth the information specified or contemplated to be included in such notice. Noteholders will have access to such information through the CDS participants in which Notes are held. Other than the requirement to give notice to Noteholders prior to an early redemption of the Notes, BDC will have no obligation to notify Noteholders or CDS participants in any other manner.

Status/Ranking

The Notes will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes will be issued on an unsubordinated basis and, as among themselves, the Notes will rank *pari passu* and will be payable rateably without any preference or priority. The Notes do not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

Credit Ratings

The Notes have not been rated by either DBRS, S&P, Moody's or any other rating agency. As at the date hereof, the obligations of BDC with a term to maturity in excess of one year were rated AAA by DBRS, AAA by S&P and Aaa by Moody's. There can be no assurances that, if the Notes were specifically rated by DBRS, S&P or Moody's, they would have the same rating as the long-term obligations of BDC. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revisions or withdrawals at any time by the relevant rating agency.

Modifications of the Notes

The Global Note may be amended without the consent of the Noteholders by agreement between BDC and the Calculation Agent if, in the reasonable opinion of BDC and the Calculation Agent, the amendment would not materially and adversely affect the rights of the Noteholders. In other cases, the Global Note may be amended by the Noteholders if the amendment is approved by a resolution passed by the favourable votes of the Noteholders of not less than 66 2/3% of the outstanding aggregate Principal Amount of the Notes represented at a meeting convened for the purpose of considering the resolution. Each Noteholder is entitled to one vote per $100 of Principal Amount held by such Noteholder for the purposes of voting at meetings convened for this purpose. The Notes do not carry the right to vote in any other circumstances.

Purchases by the Calculation Agent or BDC

The Calculation Agent, BDC, or any of their affiliates, associates or successors, may at any time, subject to applicable laws, purchase Notes at any price in the open market or by private agreement.

THE REFERENCE INDEX

The following is a summarized description of the Reference Index and is subject to, and should be read in conjunction with, the more detailed information set out in Schedules 1 and 2 of the Global Note.

General

The Reference Index is the Merrill Lynch Gold Bullion Securities Active Protection Index. The Reference Index replicates a dynamic investment strategy that allocates an investment between units of the Gold Bullion Securities ("Market Asset Units") and units of U.S. Government bonds ("Reserve Asset Units"). The objective of the allocation strategy is to expose the Reference Index to the Gold Bullion Securities to the extent that this is possible while at the same time ensuring that the level of the Reference Index on the Index Maturity Date will not be less than the targeted minimum level. Initially, the Reference Index will have a 100% exposure to the Gold Bullion Securities. **The Reference Index will have an initial level of 94.**

The Reference Index incorporates a "partial profit lock-in" feature, by which the Minimum Guaranteed Percentage of the Reference Index at the Index Maturity Date (expressed as a percentage of 100) rises above 100% when the level of the Reference Index first reaches 120. In particular, the Minimum Guaranteed Percentage rises to 110% when the Reference Index first reaches 120, and by a further 10% at the first time each 20 index point increment above 120 is attained. Note that any rise in the Minimum Guaranteed Percentage occurs only once at each 20 point threshold level above the Reference Index level of 100, so that if the Reference Index were to fall and then rise again above the same threshold level, no further rise in the Minimum Guaranteed Percentage will occur in relation to that threshold level.

The level of the Reference Index is calculated and published by Merrill Lynch International (in such capacity, the "Reference Index Sponsor"). The Reference Index Sponsor will endeavour to make available the level of the Reference Index on Page GAAINSIN1 (Reuters) under the symbol "GLC1" or such other information publication service as the Reference Index Sponsor may, in its sole discretion, select.

A more complete description of the Reference Index is contained in the Global Note and is available to an investor upon request by contacting (i) the Calculation Agent by telephone at 1-800-361-3670 or by e-mail at StructuredProductsCanada@exchange.ml.com prior to the Issue Date, or (ii) the investor's investment advisor.

Rebalancing

Initially, the Reference Index will have a 100% exposure to the Market Asset Units. Thereafter (provided that a Final Rebalancing Event has not occurred), the Reference Index may be rebalanced in accordance with a pre-determined rebalancing procedure summarized below, pursuant to which: (i) as the level of the Reference Index rises, the Reference Index is rebalanced so that it consists of more Market Asset Units (up to a maximum of 150% through the use of leverage); and (ii) as the level of the Reference Index falls, the Reference Index is rebalanced in accordance with the investment strategy to consist of more Reserve Asset Units, so that the targeted minimum level of the Reference Index may be attained.

On each Business Day, the Index Sponsor will calculate the level of the Reference Index, the "Floor Level", the "Cushion" and the "Theoretical Exposure" and also determine whether a rebalancing is required on that date (a "Rebalancing Date"). If a rebalancing is required (and provided that a Final Rebalancing Event has not occurred), then on the immediately following Business Day, the amounts of the constituents of the Reference Index will be adjusted (in accordance with certain formulae set out in Schedule 1 of the Global Note) in order to bring the weighting of the Market Asset Units into line with that indicated by the "Theoretical Exposure" on such Rebalancing Date. The "Cushion" is the excess of the level of the Reference Index over the Floor Level on a day. The "Floor Level", in relation to any Business Day, is the notional aggregate offer price of the number of Reserve Asset Units theoretically required as at such Business Day to produce a redemption amount equal to the minimum level of the Reference Index on the Index Maturity Date targeted as of such Business Day, plus the Adjustment Fee in respect of the remaining term of the Reference Index. The "Theoretical Exposure", in relation to any Business Day, is the theoretical percentage weighting of the Market Asset Units on such day, and is calculated as the product of (i) the Trading Multiple on such day, and (ii) the ratio of the Cushion on such day and the Reference Index Level on such day, expressed as a percentage, but subject to a maximum of 150% and a minimum of 0%.

The "Trading Multiple" is a number which will be determined on the Issue Date of the Notes by the Reference Index Sponsor and will be adjusted by the Reference Index Sponsor during the term of the Reference Index according to the Variable Trading Multiple Table set out in item 9 of Schedule 2 to the Global Note. The Trading Multiple is used in the calculation of the Theoretical Exposure on any Business Day. A higher Trading Multiple will result in a higher Theoretical Exposure.

A rebalancing will be required on a day if:

(a) the Cushion on such day is greater or less than the Cushion on the immediately preceding Rebalancing Date (or, if none, April 30, 2004) by 15% of such earlier Cushion; or

(b) the targeted minimum level of the Reference Index on the Index Maturity Date on such day is greater than that in relation to the immediately preceding Business Day.

The Reference Index operates in such a way that if a Final Rebalancing Event (described below) occurs, then, following the first occurrence of such an event, (i) no further rebalancing of the Reference Index will take place, (ii) the Reference Index will thereafter be constituted solely of Reserve Asset Units (regardless of the future value of the Gold Bullion Securities), (iii) changes in the market price of the Gold Bullion Securities will no longer affect the level of the constituents or the Reference Index, and (iv) for the remaining term of the Reference Index, the level of the Reference Index will be approximately equal to the notional aggregate offer price of the number of Reserve Asset Units theoretically required to produce a redemption amount equal to the targeted minimum level of the Reference Index on the Index Maturity Date, plus the Adjustment Fee in respect of the remaining term of the Reference Index, as determined by the Reference Index Sponsor. (The term of the Reference Index and the term of the Note are not the same as the Index Maturity Date is scheduled to occur five Business Days prior to the Maturity Date of the Notes.) A "Final Rebalancing Event" will occur on a day, if any, on which the Cushion first falls to zero (which will occur in the situation where the level of the Reference Index falls to the extent that the Reference Index must thereafter comprise solely Reserve Asset Units in order to ensure that the Reference Index may attain the targeted minimum level on the Index Maturity Date).

Adjustments to the Unit Value of the Gold Bullion Securities

If, in relation to any day on which the value of the Gold Bullion Securities is to be determined, no market price is available for the Gold Bullion Securities on the London Stock Exchange or any other approved stock exchange on which the Gold Bullion Securities are then listed on or prior to 8 p.m. (London time) on such day, then, unless the Reference Index Sponsor determines that a Market Disruption Event has occurred, the Reference Index Sponsor may in its sole discretion (i) determine the value of the Gold Bullion Securities relating to such day on the basis of its estimate of the reasonable market value of the Gold Bullion Securities (in each case, in such manner, at such times, by reference to such sources, and taking into account the effect of any Market Asset Disruption Events and such other prevailing market conditions as it shall, acting in a commercially reasonable manner, deem appropriate), and the prevailing formula for, and method of calculating, the Gold Bullion Securities, or (ii) refrain from publishing the level of the Reference Index on such day.

Certain Definitions Relating to the Reference Index

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks, foreign exchange houses and stock exchanges are open for business in London, Toronto, Montreal and New York.

"**Market Disruption Event**" means the occurrence or existence on any Business Day of any Market Asset Disruption Event, or any event outside of the control of the Reference Index Sponsor which (in the determination of the Reference Index Sponsor) would have the effect of preventing the Reference Index Sponsor from holding or effecting transactions in the Reserve Asset Units, or that of materially increasing the cost to the Reference Index Sponsor (whether or not in the form of any tax or charge) of doing so, on that Business Day.

"**Market Asset Disruption Event**" means any of the following:

(a) at any time, in relation to any principal exchange or market (the "Market Asset Exchange") for the Gold Bullion Securities, any event outside the control of the Reference Index Sponsor which (in the determination of the Reference Index Sponsor) would have the effect of preventing the Reference Index Sponsor from holding or effecting transactions in the Gold Bullion Securities or related futures or options contracts listed or traded on such market or exchange, or have the effect of materially increasing the cost to the Reference Index Sponsor (whether or not in the form of any tax or similar charge) for effecting any of the foregoing;

(b) on any day, in relation to any Market Asset Exchange, such market or exchange fails to remain open for regular trading for at least the number of trading hours for which such market or exchange was scheduled (as of the close of trading on the immediately preceding Business Day) to be open for such trading;

(c) at any time, in relation to the Gold Bullion Securities and any Market Asset Exchange relating thereto:

   (i) any suspension or limitation imposed by such market or exchange or otherwise on the trading of the Gold Bullion Securities or related futures or options contract thereon (whether or not by reason of movements in price exceeding limits permitted by such market or exchange); or

   (ii) any event beyond the control of the Reference Index Sponsor which (in the determination of the Reference Index Sponsor) disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, the Gold Bullion Securities or related futures or options contracts on such market or exchange; or

(d) at any time, any Market Asset Exchange for the Gold Bullion Securities announces that pursuant to its rules the Gold Bullion Securities cease (or will cease) to be listed, traded or publicly quoted on such exchange for any reason and the Gold Bullion Securities are not immediately relisted, re-traded or re-quoted on an exchange or quotation system acceptable to the Calculation Agent.

Disclaimer

While the Reference Index Sponsor currently employs the above described methodology to calculate the Reference Index, the Reference Index Sponsor may, in its absolute discretion, modify such methodology for the purposes of (i) curing any ambiguity or correcting or supplementing any provision herein, (ii) following any change in the basis on which any information is calculated or provided or howsoever otherwise where such change would materially change the commercial effect of any provision or provisions herein, amending any provision or provision herein if such amendment is for the purpose of mitigating the effect of such change, or (iii) replacing any information provider or information source named herein or any previous replacement information provider or source.

Where the Reference Index Sponsor is described herein as making or being able to make a decision, it may do so in its sole discretion, acting in good faith and in a commercially reasonable manner.

MERRILL LYNCH INTERNATIONAL DOES NOT MAKE OR GIVE ANY EXPRESS OR IMPLIED WARRANTY, REPRESENTATION OR UNDERTAKING WHATSOEVER AS TO ANY MATTER DESCRIBED OR REFERRED TO IN THIS INFORMATION STATEMENT. IN PARTICULAR (AND WITHOUT LIMITATION), NO SUCH WARRANTY, REPRESENTATION OR UNDERTAKING IS SO MADE OR GIVEN AS TO THE PUBLISHING OR ANNOUNCING OF THE LEVEL OF THE REFERENCE INDEX, THE RESULTS TO BE OBTAINED FROM THE USE OF THE REFERENCE INDEX, THE LEVEL OF THE REFERENCE INDEX OR THE CONSTITUENT(S) OF THE REFERENCE INDEX, AT ANY PARTICULAR TIME. THE REFERENCE INDEX IS COMPILED AND CALCULATED BY MERRILL LYNCH INTERNATIONAL. HOWEVER, MERRILL LYNCH INTERNATIONAL SHALL NOT BE LIABLE (WHETHER IN NEGLIGENCE OR OTHERWISE) TO ANY PERSON FOR ANY ERROR THEREIN NOR SHALL IT BE UNDER ANY OBLIGATION TO ADVISE ANY PERSON OF ANY ERROR THEREIN.

THE GOLD BULLION SECURITIES

General

Gold Bullion Securities are designed to track closely the spot gold price, less the management fee. A Gold Bullion Security is a secured zero coupon note with a face value of U.S. $0.00001 issued by Gold Bullion Securities Limited, a public company incorporated in Jersey, Channel Islands, which on redemption entitles the holder to delivery of gold or the cash equivalent. At January 1, 2004, each Gold Bullion Security was entitled to one-tenth of one fine troy ounce of gold bullion. This reduces as a result of the sale of gold to pay a management fee, which is initially set at 0.30% per annum (accrued daily and payable monthly), and was 99.942% of one-tenth of one troy ounce as at March 12, 2004. The 0.30% management fee may be varied by Gold Bullion Securities Limited at any time on three months' prior written notice to all security holders.

The Gold Bullion Securities are offered by prospectus in the United Kingdom on a continuous offering basis only to market professionals. Other investors (through their registered brokers) may purchase Gold Bullion Securities only in the secondary market on the London Stock Exchange. Gold Bullion Holdings Limited, a private company incorporated in England, is responsible for providing, at its own expense, advisory, consultancy and/or advertising services required by Gold Bullion Securities Limited in connection with issuance of Gold Bullion Securities.

The Gold Bullion Securities are listed on the London Stock Exchange and are quoted in U.S. dollars. Gold Bullion Securities are intended to offer investors a means of investing in the gold bullion market without the necessity of taking physical delivery of gold and to buy and sell that interest through trading of a security on the London Stock Exchange. The Gold Bullion Securities were listed and posted for trading on the London Stock Exchange on December 9, 2003 and closed on that day at U.S. $40.90. On March 12, 2004, the closing market price of the Gold Bullion Securities was U.S. $40.32.

Gold Bullion Securities Limited has announced that it will issue new Gold Bullion Securities before April 30, 2004. The new Gold Bullion Securities will have substantially the same investment features and characteristics as the old Gold Bullion Securities and will be listed on the London Stock Exchange. The new Gold Bullion Securities will be created under revised documentation which establishes a different legal structure for the securities and improves the rights of holders of the securities. The new Gold Bullion Securities will trade under the symbol "GBS" and the old Gold Bullion Securities under the symbol "GBSA".

The Notes offered hereby will be linked to the new Gold Bullion Securities. However, historical references herein, such as the trading data under the caption "*The Gold Bullion Securities*" are to the old Gold Bullion Securities. As the investment features and characteristics of the old and new Gold Bullion Securities will be substantially the same, they can be expected to trade in a similar manner. However, past performance of the old Gold Bullion Securities is not necessarily indicative of the future performance of either the old Gold Bullion Securities or the new Gold Bullion Securities.

The creation and redemption features of the Gold Bullion Securities enable Gold Bullion Securities to be created or redeemed at any time in exchange for OTC gold (gold traded in the inter-bank market loco London). This feature is designed to ensure that Gold Bullion Securities are effectively interchangeable with OTC gold and should, accordingly, track closely the price of and have similar liquidity to OTC gold.

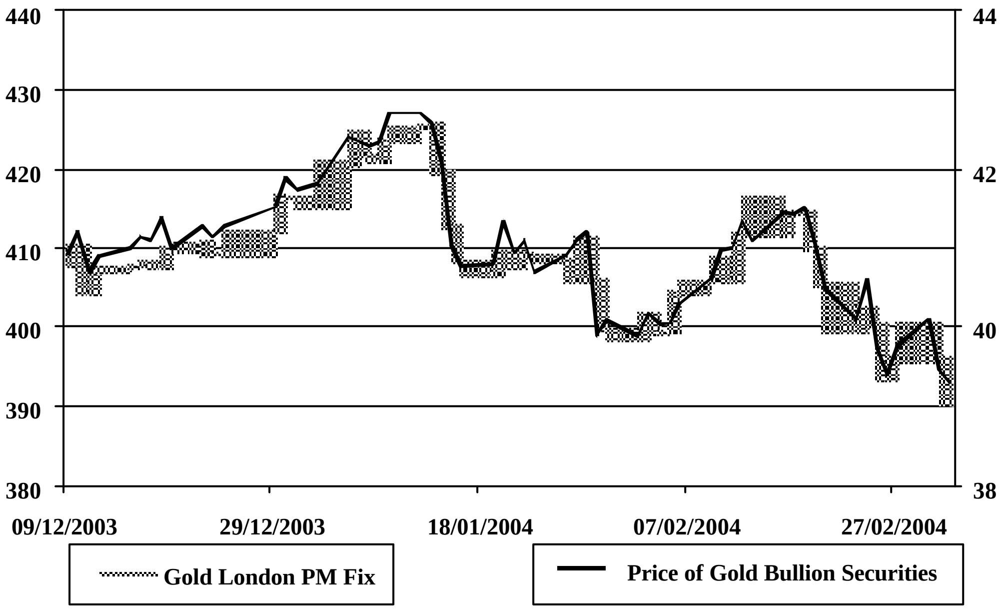
Gold Bullion Securities are secured by the gold held by HSBC Bank USA (the "Custodian"), its sub-custodians or their delegates in the accounts (the "Secured Gold Accounts") established in the name of The Law Debenture Trust Corporation p.l.c. (the "Trustee"). The gold is held in "allocated" form (that is, as uniquely identifiable 400 ounce London Good Delivery bars) other than to the extent that any such gold is required to effect redemptions. The gold held in the Secured Trust Accounts will be subject to a fixed charge in favour of the Trustee to secure the obligations owed by Gold Bullion Securities Limited to the Trustee and the holders of Gold Bullion Securities. Similar to an open-ended or exchange traded fund, Gold Bullion Securities can be issued and redeemed as demand dictates, subject to gold bullion being deposited in or debited from the Secured Gold Accounts.

Gold Bullion Securities Limited may, at any time with three months' prior notice to registered holders of Gold Bullion Securities, redeem all of the outstanding Gold Bullion Securities.

History of Trading

The graph on the following page sets forth the closing market price of the Gold Bullion Securities on the London Stock Exchange quoted in U.S. dollars and the closing gold spot price based on the London PM fix in U.S. dollars in the period from December 9, 2003 (the date the old Gold Bullion Securities were listed on the London Stock Exchange) to February 27, 2004. This historical data on the Gold Bullion Securities is not necessarily indicative of the future performance of the Gold Bullion Securities or what the value of the Notes may be. Any historical upward or downward trend in the market price of the Gold Bullion Securities during any period set forth below is not an indication that the Gold Bullion Securities is more or less likely to increase or decrease at any time during the term of the Notes.

Gold Bullion Securities vs. Closing Gold Spot Price Based on the London PM Fix (in U.S. dollars)



*** The source of the data displayed in this graph is Bloomberg L.P. and its accuracy cannot be guaranteed.**

Disclaimer

All information in this Information Statement relating to the Gold Bullion Securities is derived from publicly available sources and other sources believed to be reliable and is presented in this Information Statement in summary form. None of BDC, MLC or the Calculation Agent assumes any responsibility for the accuracy or completeness of such information, or accepts responsibility for the provision of any future information in respect of the Gold Bullion Securities or makes any representation in relation to the Gold Bullion Securities.

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Placement Agent, the Notes will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans within the meaning of the *Income Tax Act* (Canada) (other than a deferred profit sharing plan to which payments are made by BDC or a corporation with which BDC does not deal at arm's length) and will not constitute foreign property for purposes of Part XI of that Act.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Placement Agent, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Notes by a Noteholder pursuant to this offering. This summary is applicable to a Noteholder who is an individual (other than a trust) and who, for the purposes of the *Income Tax Act* (Canada) (the "Act"), is a resident of Canada and deals at arm's length with and is not affiliated with BDC. This summary further assumes that the Noteholder does not hold the

Notes in the course of carrying on a business and that the Notes are acquired by the Noteholder without the intention or secondary intention of selling them prior to the Maturity Date and that the Notes are therefore capital property to the Noteholder. A Holder who is not a trader or dealer in securities may consider making a one-time election to treat the Notes, and all other Canadian securities, as defined in the Act, owned by the Holder in that or subsequent taxation years, as capital property. This summary does not apply to a Noteholder that is a corporation, partnership or trust.

This summary is based on the current provisions of the Act and the regulations thereunder, the published administrative practices of the Canada Revenue Agency ("CRA", formerly the Canada Customs and Revenue Agency), and all specific proposals to amend the Act and regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof (such proposals referred to as the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law or CRA's administrative practices, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Notes. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any Noteholder. Noteholders are urged to consult their own tax advisors for advice with respect to the potential income tax consequences to them of an investment in Notes, having regard to their particular circumstances and the uncertainties with respect to the operation of the Act as noted below.

Holding Notes

No interest is stipulated to be payable in respect of the Notes and the amount payable in respect of the Notes will depend on the Index Level at the Maturity Date. Accordingly, the Notes will be prescribed debt obligations for purposes of the rules in the Act which provide for the accrual of notional interest. However, provided that a Lock-In Event (as defined on page 10 of the Information Statement under "Minimum Guaranteed Percentage") has not occurred so that the entitlement of a Noteholder in respect of the Notes is indeterminate, the Noteholder should not be required to include any amount in computing income for any taxation year during which the Noteholder holds, and has not disposed of, the Notes. Where a Lock-In Event has occurred and the Noteholder has not disposed of the Notes, generally it is not clear whether the amount representing the difference between the Minimum Redemption Amount payable at the Maturity Date and the Issue Price will have to be accrued to the Noteholder over the term of the Notes. In addition, CRA's published administrative practices have not directly addressed this situation. However, the Noteholder should generally be able to take the position in applying the prescribed debt obligation rules that the entitlement of the Noteholder continues to be indeterminate so that it is therefore not possible to compute any maximum interest or other amount payable to the Noteholder and thus no amount is required to be included in computing income solely as a result of the Lock-In Event.

Disposition of Notes

Upon the redemption of a Note at the Maturity Date or earlier, a Noteholder should be required to include in computing income for the year of disposition the amount by which the redemption price exceeds the purchase price to the Noteholder. CRA has not expressed any opinion on whether amounts received by a Holder on a sale or other disposition of a Note prior to the Maturity Date would be considered to be on capital account or income account. However, if a Note is held as capital property as assumed above, the Holder should realize a capital gain (or capital loss) on the disposition of the Note equal to the amount by which the proceeds of disposition determined for tax purposes net of any reasonable costs of disposition exceed (or are exceeded by) the adjusted cost base of the Note to the Holder. Holders who dispose of a Note prior to the Maturity Date, particularly those who dispose of Notes within a short period of time before the Maturity Date or where a Lock-In Event has occurred, should consult their own tax advisors with respect to such disposition.

One-half of any capital gain (a "taxable capital gain") realized on a disposition of a Note will be included in the Noteholder's income and one-half of any capital loss (an "allowable capital loss") realized on a disposition of a Note may be deducted from taxable capital gains in accordance with the provisions of the Act.

Capital gains realized by an individual may give rise to alternative minimum tax under the Act.

RISK FACTORS

The following section does not describe all of the risks and other ramifications of an investment in the Notes, including risks resulting from the amounts payable in respect thereof being determined by reference to the Reference Index. BDC and MLC disclaim any responsibility to advise prospective investors of such risks as they exist at the date of the Information Statement or as they change from time to time. Prospective investors should consult their own financial and legal advisors about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances. In particular, the Notes may not be an appropriate investment for investors who are unsophisticated with respect to such transactions.

Investment in the Notes carries with it a degree of risk including, but not limited to, the risks referred to below. There can be no assurance that the Reference Index will achieve its investment objectives. The value of the Reference Index and the assets comprised therein may go down as well as up. Past performance of the old Gold Bullion Securities is not necessarily indicative of future performance of either the old Gold Bullion Securities or the new Gold Bullion Securities.

Risk Factors Relating to Investment in the Notes

Rebalancing

The Reference Index replicates the value of a basket of assets whose weighting is adjusted, according to the rebalancing procedures, as described herein and in the Global Note, between Market Asset Units and Reserve Asset Units. Under the rebalancing procedures, the weighting of the Market Asset Units may potentially increase as the level of the Reference Index increases and may potentially decrease as the level of the Reference Index decreases. Changes in the weighting of the Market Asset Units (and the frequency and number of such changes) may affect the Reference Index on the Index Maturity Date which in turn may affect the Final Redemption Amount.

Partial Profit Lock -In Feature

The mechanics of the Reference Index incorporate a partial profit lock-in feature which provides some protection to any interim rises in the level of the Reference Index from subsequent falls in value of the Market Asset Unit. However, this feature means that, as profits are locked in, it is more likely that a higher percentage of the value of the Reference Index will be attributable to the U.S. Government bonds. This will reduce the exposure of the Reference Index to the Market Asset Units and, in a rising market, this may result in a lower ending level of the Reference Index, compared to an index which does not have a partial profit lock-in feature.

Fee Accrual

Fees and expenses will reduce the Final Redemption Amount payable to Noteholders. The Final Redemption Amount, payable on the Maturity Date, is dependent upon the level of the Reference Index on the Index Maturity Date.

Merrill Lynch International and its affiliates will receive the Adjustment Fee through a reduction in the level of the Reference Index on a daily basis (calculated on the basis of a year of 360 days) at a fixed rate of 1.70% per annum of the prevailing level of the Reference Index; however, after a Final Rebalancing Event (as defined under "*Payment Under the Notes*" above), the rate will be 0.45% per annum. Accordingly, the amount of the Adjustment Fee will decrease if the level of the Reference Index falls during the term of the Note and will increase if the level of the Reference Index rises during the term of the Note.

The effect of the foregoing is that the level of the Reference Index on the Index Maturity Date will be less than that of an index which does not incorporate such a fee, but which is otherwise identical to the Reference Index.

The Adjustment Fee is also taken into account in the calculation of the Floor Level. The effect of this is that the likelihood of a rebalancing event occurring and the extent of the resulting allocation to Reserve Asset Units and away from Market Asset Units, as well as the likelihood of a Final Rebalancing Event occurring, are higher than those in relation to an index which does not incorporate such a fee, but which is otherwise identical to the Reference Index.

Impact of Upfront Commissions on Return to Noteholders

The Reference Index will have an initial level of 94, which has been set to reflect the upfront commission of 6% of the Principal Amount of each Note payable to the Sales Agents (4%) and the Placement Agent (2%) in connection with the sale of the Notes. As a result, the Final Reference Index Level on the Index Maturity Date must be greater than 100 (or 6.38% higher than the initial level of the Reference Index) in order for investors to receive a Final Redemption Amount greater than the Principal Amount of the Note assuming no change in the U.S.-Canadian dollar exchange rate. If the level of the Reference Index declines or does not increase above 100, investors will receive only the Principal Amount of the Notes on the Maturity Date and therefore will not have earned any return on their investment.

Leverage

The Reference Index may have as much as 150% of the assets allocated to the Market Asset Units. Exposure above 100% requires the use of leverage. This leverage offers the potential for significant profits but also entails a high degree of risk, including the risk of substantial or even total loss of the value of the Market Asset Units. In addition, high volatility of the Market Asset Units or low interest rates during the life of the investment may lead to a reduction in the possible return on the investment due to the occurrence of more frequent events that require the adjustment of the allocation among Market Asset Units and Reserve Asset Units (i.e., rebalancing), which may adversely affect the value of the Reference Index and, therefore, the Final Redemption Amount.

Yield

The Final Redemption Amount of the Notes payable to a Noteholder on the Index Maturity Date may represent a yield less than the yield an investor would earn if the investor bought a standard debt security with the same stated maturity date (see " – *Non-Conventional Notes*" below).

Due to the protection features of the Reference Index and the exposure of the Reference Index to the Reserve Asset Units, it is possible that the upside performance of the Gold Bullion Securities will exceed that of the Reference Index.

Non-Conventional Notes

The Notes are not conventional notes in that they do not provide Noteholders with a return or income stream prior to the Maturity Date, or a return at maturity calculated with reference to a fixed or floating rate of interest that is determinable prior to the Maturity Date. Noteholders will not have an opportunity to reinvest any income generated by their investment in the Notes prior to the Maturity Date, nor will they be able, prior to maturity, to determine the amount of the yield or return, if any, that they will receive on the Maturity Date. There can be no assurance that the Notes will be redeemed above the Principal Amount. Moreover, the value of an investment in the Notes may diminish over time owing to inflation and other factors that adversely affect the present value of future payments. Accordingly, an investment in the Notes may result in a lower return when compared to alternative investments. The Notes do not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

Loss of Opportunity to Benefit from Capital Appreciation

There are two circumstances in which the terms and conditions of the Notes do not provide for a guaranteed return determined by the Final Redemption Amount formula. Firstly, if an Extraordinary Event occurs and the Early Redemption Amount would be equal to or greater than the Principal Amount of the Note at that time, BDC may (but shall not be obligated to) redeem the Notes and the Noteholder will receive the Early Redemption Amount, which is equal to the market value of the Notes as calculated by the Calculation Agent, less an amount equal to the Associated Costs. In that case, the Noteholder will be entitled to receive on redemption at least the Principal Amount of the Note. Secondly, if an Extraordinary Event occurs and the Early Redemption Amount would be less than the Principal Amount of the Note, BDC is not entitled to redeem the Notes. In that case the Note will, in effect, be delinked from the Reference Index and the Noteholder will receive at the Maturity Date an amount equal to the aggregate of (i) the Principal Amount of the Note, and (ii) the amount, if any, by which the future value of the Early Redemption Amount at the Maturity Date determined using a rate equal to the relevant Government of Canada bond yield exceeds the Principal Amount of the Note.

In addition, if the value of the Gold Bullion Securities falls so that a Final Rebalancing Event occurs, the Notes will be delinked from the Gold Bullion Securities. In that event, changes in the market price of the Gold Bullion Securities would no longer affect the level of the reference index and the investor would not benefit from any future appreciation in the value of the Gold Bullion Securities.

No Entitlement to Assets Which Comprise the Reference Index

The Notes are obligations of BDC. By purchasing a Note, a Noteholder will not be entitled to any rights with respect to any assets which comprise the Reference Index or its constituents including, without limitation, the Gold Bullion Securities.

Market Disruption Event

The due date for repayment of the Notes may be delayed if a Market Disruption Event occurs at a time when the valuation of the Market Asset Units would otherwise occur. If valuation has to be made at a time when a Market Disruption Event has occurred and is continuing, the value of the Market Asset Units may be low or nil.

Conflicts of Interest

MLC, Merrill Lynch International and their affiliates may face possible conflicts of interest in connection with their duties under the Notes. For example, MLC, Merrill Lynch International and their affiliates may engage in investment banking and other activities for or provide services to Gold Bullion Securities Limited, or make markets or trade in the Gold Bullion Securities or in other financial instruments linked to Gold Bullion Securities for their own account or for the account of others. All of these activities may result in conflicts of interest with respect to the financial interests of MLC, Merrill Lynch International and their affiliates.

Liquidity Risk

No representation is made as to the existence of a market for the Notes. While MLC intends under ordinary market conditions to indicate prices in the Notes, there can be no assurance as to the prices that would be indicated or that MLC will offer to purchase Notes. The price given, if any, will be affected by many factors including, but not limited to, the remaining term and outstanding principal amount of the Notes, the performance of the Reference Index, interest rates, fluctuations in exchange rates, volatility or illiquidity of the Gold Bullion Securities and credit spreads. Consequently, prospective investors must be prepared to hold the Notes for an indefinite period of time or until the redemption or maturity of the Notes.

The Notes May Trade at a Discount

The Notes may trade at a discount to (i) the value of the Reference Index, (ii) the value of the Gold Bullion Securities, and/or (iii) to their principal amount.

Structure Risks

An investment in the Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the level or value of the Reference Index and the possibility that a Noteholder will receive on any early redemption or as a result of an Extraordinary Event a lower (or no) amount of premium or other consideration than the holder expected.

BDC has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including economic, financial and political events.

Exchange Rates

The Gold Bullion Securities and the Reference Index are denominated in U.S. dollars. However, the Final Redemption Amount of the Notes is calculated in Canadian dollars and is adjusted for the change in the U.S.-Canadian dollar exchange rate over the term of the Notes. Accordingly, fluctuations in the value of the Canadian dollar against the U.S. dollar may have a significant effect (either positive or negative) on the value of the Notes. If the U.S. dollar weakens relative to the Canadian dollar, the Canadian dollar return to Noteholders will decrease. If, however, the Canadian dollar weakens relative to the U.S. dollar, the Canadian dollar return to Noteholders will increase.

Taxation

Each Noteholder will assume and be responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any provincial, state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. See "*Canadian Federal Income Tax Considerations*". Prospective investors should consult their own tax advisors concerning the tax consequences of investing in the Notes.

BDC is not required to pay additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by BDC or any Paying or Transfer Agents.

Diversification

The investment portfolio of a Noteholder may not benefit from an investment in the Notes unless the Notes are profitable and provide returns that are independent from bond and stock returns.

Credit Risk

Investors in the Notes should have knowledge and experience in financial and business matters and expertise in assessing credit risk and be capable of evaluating the merits, risks and suitability of investing in the Notes, including any credit risk associated with BDC.

The Notes will constitute direct unconditional obligations of BDC and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. The Notes will be issued on an unsubordinated basis and, as among themselves, the Notes will rank *pari passu* and will be payable rateably without any preference or priority. The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*. The likelihood that the Noteholders will receive the payment owing to them in connection with the Notes will be dependent upon the financial health and creditworthiness of BDC.

Risk Factors Relating to the Gold Bullion Securities

No Guarantee as to Performance of Gold Bullion Securities

None of BDC, MLC or Merrill Lynch International gives any assurance or guarantee as to the performance of the Gold Bullion Securities. Investors should not conclude that the sale by BDC of the Notes is any form of investment recommendation by any of the aforementioned entities.

Temporary Price Fluctuations in the Gold Bullion Securities

Large volumes of purchasing and selling activity, which may occur in connection with the initial issuance of the Notes, could temporarily increase or decrease the market price of the Gold Bullion Securities, resulting in a higher or lower price on that date. Purchasing or selling activity of the Gold Bullion Securities in the secondary trading market may also affect the market price of such Gold Bullion Securities. This purchasing or selling activity could create a temporary imbalance between the supply and demand of Gold Bullion Securities, by increasing or decreasing the demand for the Gold Bullion Securities, and accordingly, limit the liquidity of the Gold Bullion Securities. Market prices for the Gold Bullion Securities may rise or decline after these sales and purchases as the volume of purchases subsides. This in turn may have an immediate effect on the value of the Notes.

Fluctuations in the Price of Gold

The value of Gold Bullion Securities will be affected by movements in the U.S. dollar price of gold. The gold price fluctuates widely and is affected by numerous factors, including:

- Global or regional political, economic or financial events and situations;
- Investors' expectations with respect to the future rates of inflation and movements in world equity, financial and property markets;
- Global gold supply and demand, which is influenced by such factors as mine production and net forward selling activities by gold producers, central bank purchases and sales, jewellery demand and the supply of recycled jewellery, net investment demand and industrial demand, net of recycling;
- Interest rates and currency exchange rates, particularly the strength of and confidence in the U.S. dollar; and
- Investment and trading activities of hedge funds, commodity funds and other speculators.

Trustee Expenses

To the extent the Trustee's fees and expenses are not met by Gold Bullion Securities Limited, the Trustee may enforce the security and recover such outstanding fees and expenses from the gold credited to the Secured Gold Accounts. If the Trustee enforces the security on behalf of any registered holder of Gold Bullion Securities at a time when any fees or expenses due to the Trustee have not been paid, such fees and expenses shall be payable from the enforcement of the secured gold in priority to any claims of the holders of Gold Bullion Securities.

Tracking Error and Liquidity Risk

At any time, the price at which the Gold Bullion Securities trade on the London Stock Exchange may not reflect accurately the price of gold represented by such Gold Bullion Securities. The procedures for the creation and redemption of Gold Bullion Securities will help limit this difference (or "tracking error"). However, this risk cannot be fully eliminated since the market price of the Gold Bullion Securities will be a function of supply and demand among investors wishing to buy and sell Gold Bullion Securities.

The old Gold Bullion Securities were listed on the London Stock Exchange on December 9, 2003 and, accordingly, have a limited trading history and the new Gold Bullion Securities are not yet listed on the London Stock Exchange. There can be no assurance as to the depth of the secondary market in the Gold Bullion Securities (if any) and this will affect their liquidity and market price.

Limited Management Experience

Management of Gold Bullion Securities Limited has limited experience with respect to the securitization of interests in gold bullion. If the experience of management of Gold Bullion Securities Limited is not adequate or suitable to manage Gold Bullion Securities Limited, the operations of the Secured Gold Accounts and Gold Bullion Securities Limited may be adversely affected.

Custody and Insurance

All gold held in trust will be held by the Custodian in its vaults in London or in the vaults of a sub-custodian appointed by the Custodian or by a delegate of a sub-custodian. There is a risk that the gold held in the Secured Gold Accounts may be lost, stolen, or damaged or that access to such gold could be restricted by, among other things, natural events, such as earthquakes, or human actions, such as terrorist attacks. The Custodian may make such insurance arrangements in connection with its custodial obligations with respect to secured gold in allocated form as it considers fit. The Custodian has no obligation to insure such gold against loss, theft or damage and Gold Bullion Securities Limited does not intend to insure against such risks. In addition, the Trustee is not responsible for ensuring that adequate insurance arrangements have been made, or for insuring the gold held in the Secured Gold Accounts, and the Trustee is not required to make any enquiry regarding such matters. Accordingly, there is a risk that the gold held in the Secured Gold Accounts could be lost, stolen or damaged and Gold Bullion Securities Limited would not be able to satisfy its obligations in respect of the Gold Bullion Securities.

Although the Custodian has offered Gold Bullion Securities Limited attractive rates for its services, the Custodian is entitled to terminate its agreement with Gold Bullion Securities Limited after an initial fixed term of 24 months from the date of such agreement or earlier in certain circumstances.

Custodial services offered by the Custodian and any sub-custodian are presently not a regulated investment activity subject to the supervision and rules of the Financial Services Authority, the United Kingdom's financial services regulator (or the Bank of England).

Early Redemption of Gold Bullion Securities

Gold Bullion Securities Limited may, at any time, upon three months' notice to the holders of the Gold Bullion Securities redeem all of the Gold Bullion Securities. Accordingly, an investment in the Gold Bullion Securities may be redeemed earlier than desired by a holder. In addition, in such circumstances, Gold Bullion Securities Limited is entitled to specify whether such redemption will be in the form of gold or the cash equivalent.

General Market Risk

General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and therefore the market price of Gold Bullion Securities. These risks are generally applicable to any investment in listed securities and investors should be aware that Gold Bullion Securities can go down in price as well as up.

Disclosure Relating to Gold Bullion Securities

All information in this Information Statement relating to the Gold Bullion Securities is derived from publicly available sources and other sources believed to be reliable and is presented in this Information Statement in summary form. None of BDC, MLC or the Calculation Agent assumes any responsibility for the accuracy or completeness of such information, accepts responsibility for the provision of any future information in respect of the Gold Bullion Securities, or makes any representation in relation to the Gold Bullion Securities. Accordingly, prospective investors should make their own enquiries and should consult their legal, business and tax advisors to satisfy themselves as to all legal, regulatory and tax issues concerning the Gold Bullion Securities, the accuracy of the prospectus relating to the offering of the new Gold Bullion Securities, when available, and other documentation relating to the offering of the Gold Bullion Securities, and whether an investment in the Notes is appropriate in their particular circumstances.

Investor Suitability

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisors to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only suitable for investors who:

(a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;

(c) are capable of bearing the economic risk of an investment in the Notes for the term of the Notes; and

(d) recognize that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

Prospective investors in the Notes should make their own independent decision to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for them based upon their own judgment and upon advice from such advisors as they may deem necessary. Prospective investors in the Notes should not only rely on any communication (written or oral) of BDC or the relevant dealer as investment advice or as a recommendation to invest in the Notes. No communication (written or oral) received from BDC or the relevant dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.