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Headnote

Mutual Reliance Review System for Exemptive Relief Application - issuer exempted from interim financial reporting requirements for first and third quarters for each financial year - exemption terminates upon the occurrence of a material change in the business affairs of the issuer unless the Decision Makers are satisfied that the exemption should continue

Applicable British Columbia Provisions

Securities Act, R.S.B.C.1996, c. 418, s. 91

Securities Rules, B.C. Reg. 194/97, ss. 144 and 149

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF STONE 2003 FLOW-THROUGH LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Ontario, and Nova Scotia (the “Jurisdictions”) has received an application from Stone 2003 Flow-Through Limited Partnership (the “Partnership”) for a decision pursuant to the securities legislation of each of the Jurisdictions (the “Legislation”) that the requirements contained in the Legislation that the Partnership file with the Decision Makers and send to its security holders (the “Limited Partners”) the Partnership’s interim financial statements for each of the first and third quarters of each financial year of the Partnership (the “First & Third Quarter Interim Financials”), shall not apply to the Partnership.

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

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AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

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

1. The Partnership is a limited partnership formed pursuant to the *Limited Partnership Act* (Ontario) on May 28, 2003.
2. The Partnership has a general partner (the “General Partner”) that is responsible for the management of the Partnership in accordance with the terms and conditions of an amended and restated limited partnership agreement dated August 18, 2003 (the “Partnership Agreement”).
3. The Partnership was formed to invest in certain common shares (“Flow-Through Shares”) of companies involved principally in mineral or oil and gas exploration and development (“Resource Companies”).
4. The Partnership will enter into agreements (“Flow-Through Agreements”) with Resource Companies and under the terms of each Flow-Through Agreement, the Partnership will subscribe for Flow-Through Shares of the Resource Company and the Resource Company will incur and renounce to the Partnership, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development which qualify as Canadian Exploration Expense (as such term is defined in the *Income Tax Act* (Canada)).
5. On August 18, 2003, the Decision Makers, together with the securities regulatory authority or regulator for Manitoba, New Brunswick, and the Northwest Territories (jurisdictions in which no legislative requirement exists to file first and third quarter interim financial statements), issued a final receipt under the System for the (final) prospectus of the Partnership dated August 18, 2003 (the “Prospectus”) relating to a maximum offering of up to 800,000 units of the Partnership (the “Partnership Units”).
6. The Prospectus contains disclosure that the Partnership intends to apply for an order from the Decision Makers exempting it from the requirements to file and distribute financial statements of the Partnership in respect of the first and third quarters of each fiscal year of the Partnership.
7. The Partnership Units will not be listed or quoted for trading on any stock exchange or market.

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8. At the time of purchase or transfer of Partnership Units, each purchaser or transferee consents to the application by the Partnership for an order from the Decision Makers exempting the Partnership from the requirements to file and distribute financial statements of the Partnership in respect of the first and third quarters of each fiscal year of the Partnership.
9. On or about September 30, 2005, the Partnership will be liquidated and the Limited Partners will receive their *pro rata* share of the net assets of the Partnership. It is the current intention of the General Partner to propose prior to the dissolution that the Partnership exchange its assets for securities of a mutual fund corporation or other appropriate investment vehicle, and distribute such securities to the Limited Partners and General Partner on a tax effective basis.
10. Since its formation on May 28, 2003, the Partnership's activities primarily included (i) collecting the subscriptions from the Limited Partners, (ii) investing the available Partnership funds in Flow-Through Shares of Resource Companies, and (iii) incurring expenses to maintain the fund.
11. Unless a material change takes place in the business and affairs of the Partnership, the Limited Partners will obtain adequate financial information concerning the Partnership from the semi-annual financial statements and the annual report containing audited financial statements of the Partnership together with the auditors' report thereon distributed to the Limited Partners and that the Prospectus and the semi-annual and annual financial statements provide sufficient background materials and the explanations necessary for a Limited Partner to understand the Partnership's business, its financial position and its future plans, including dissolution on or about September 30, 2005.
12. Given the limited range of business activities to be conducted by the Partnership and the nature of the investment of the Limited Partners in the Partnership, the provision by the Partnership of the First & Third Quarter Interim Financials will not be of significant benefit to the Limited Partners and may impose a material financial burden on the Partnership.
13. Each of the Limited Partners has, by subscribing for the Partnership Units in accordance with the Prospectus, agreed to the irrevocable power of attorney contained in Article XIX of the Partnership Agreement scheduled to the Prospectus and has thereby, in effect, consented to the making of this application for the exemption requested herein.

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

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AND WHEREAS each Decision Maker is of the opinion that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the requirements contained in the Legislation to file and send to the Limited Partners its First & Third Quarter Interim Financials shall not apply to the Partnership provided that this exemption shall terminate upon the occurrence of a material change in the affairs of the Partnership unless the Partnership satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

DATED October 20, 2003.

Robert L. Shirriff

Robert W. Davis