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October 20, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 51-102, s. 13.1 Continuous Disclosure Obligations - An issuer wants relief from the requirement to include prospectus-level disclosure in an information circular the issuer will circulate in connection with an arrangement, reorganization, acquisition or amalgamation - The transaction is not a reverse takeover; the issuer will provide alternate financial information about the business that is consistent with the financial information required in the continuous disclosure context for significant acquisitions; the issuer will provide information about the parties to the transaction sufficient for shareholders to assess the transaction as a whole

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 117 and 119

National Instrument 51-102, ss. 9.1 and 13.1

Form 51-102F5, s. 14.2

In the Matter of
the Securities Legislation of
Québec, British Columbia, Alberta, Manitoba and Ontario (the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Procyon Biopharma Inc. (the Filer)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Makers) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the obligation to include, in a proxy solicitation and information circular (the “Circular”) to be sent to its security holders in connection with the contemplated purchase of all of the outstanding shares in the capital of Cellpep S.A. (“Cellpep” and the “Acquisition”), Cellpep’s income statements, retained

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earnings and cash flow for its financial year ended on December 31, 2002 (the Requested Relief). The Filer also requested that the application, any supporting materials and the decision be held in confidence by the Decision Makers.

Under the Mutual Reliance Review System for Exemptive Relief Applications, the Autorité des marchés financiers is the principal regulator for this application, and this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 – Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer subsists under the *Canada Business Corporations Act* and its head office is located in Dorval, Québec.
2. The Filer is a reporting issuer in all of the Jurisdictions and it is not in default of its continuous disclosure obligations under the Legislation.
3. The Filer is not presently qualified to file a short form prospectus under National Instrument 44-101 – Short Form Prospectus Distributions.
4. The Filer's common shares (the "Shares") are listed on the Toronto Stock Exchange under the symbol PBP. As of September 6, 2005, 94,153,899 Shares were outstanding.
5. The Filer's financial year ends on December 31. It presents its audited annual financial statements in accordance with Canadian GAAP.
6. The Filer is dealing at arm's length with Cellpep and its shareholders.
7. Cellpep is a "société anonyme" governed by French Law.
8. Cellpep is a French private biotechnology company with R&D facilities located in France and manufacturing facilities being presently established in Québec.
9. Cellpep is not a reporting issuer in any jurisdiction in Canada, and its shares are not listed or posted for trading on any stock exchange or quotation system.

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10. Cellpep's financial year ends on December 31. It presents its audited annual financial statements in accordance with the applicable auditing standards in France.
11. Cellpep is dealing at arm's length with the Filer.
12. Cellpep is a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
13. The management of the Filer and the management of Cellpep are contemplating a business merger.
14. The Acquisition would be conditional upon: (i) the completion of a concurrent private financing of the Filer and (ii) the approval of the Filer's shareholders.
15. The Acquisition would constitute a "significant acquisition or a restructuring transaction" under National Instrument 51-102 – Continuous Disclosure Requirements ("51-102") and would meet the highest significance-test threshold under Instruction générale Q-28 – *Exigences générales relatives aux prospectus* and Ontario Securities Commission Rule 41-501 – General Prospectus Requirements (the "Long-Form Prospectus Requirements").
16. The Acquisition would not be a "reverse takeover" under the meaning of 51-102.
17. The Circular would be prepared in accordance with F51-102F5 and submitted to the Toronto Stock Exchange for its prior approval.
18. The Circular would include Cellpep's annual financial statements for the years ended December 31, 2003 and December 31, 2004.
19. Cellpep's annual financial statements would be audited in accordance with the applicable auditing standards in France, and reconciled in accordance with Canadian GAAP.
20. Form 51-102F5, annexed to 51-102, prescribes that the Circular must include disclosure (including financial statement disclosure) prescribed by the applicable form of prospectus for each of the Filer, Cellpep, and the resulting issuer.
21. The applicable form of prospectus is the form provided under the Long-Form Prospectus Requirements.

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22. The Long-Form Prospectus Requirements would provide that, among other things, the Circular must contain Cellpep's income statements, retained earnings and cash flow for its three most recently completed financial years.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the Filer include Cellpep's annual financial statements for the years ended December 31, 2003 and December 31, 2004.

Furthermore, the decision of the Decision Makers under the Legislation is that the application, any supporting materials and the decision be held in confidence by the Decision Makers until the earlier of (i) December 31, 2005 and (ii) the mailing of the Circular.

Dated on October 20, 2005

Jean St-Gelais
Autorité des marchés financiers