

IN THE MATTER OF THE *SECURITIES ACT*, R.S.N.W.T. 1988, C.S-5

AND

**IN THE MATTER OF A PLAN OF ARRANGEMENT
INVOLVING STRONGCO INC., STRONGCO INCOME FUND
AND STRONGCO ACQUISITIONCO INC.**

EXEMPTION ORDER

UPON the application of Strongco Inc. ("**Strongco**"), Strongco Income Fund (the "**Fund**") and Strongco AcquisitionCo Inc. ("**AcquisitionCo**", and together with Strongco and the Fund, the "**Applicant**") to the Registrar of Securities (the "**Registrar**") for an order pursuant to subsections 4(5) and 27(2)(b) of the *Securities Act* (Northwest Territories) R.S.N.W.T., 1988, c.S-5 (the "**Act**") exempting the distribution of securities described herein and the Applicant from the provisions of the Act requiring registration and the provisions of the Act requiring the filing of a prospectus or statement of material facts;

AND UPON the Applicant representing to the Registrar that:

1. Strongco is a corporation amalgamated and subsisting pursuant to the provisions of the *Ontario Business Corporations Act* (the "**OBCA**") and has its head and registered office located at 1640 Enterprise Road, Mississauga, Ontario, L4W 4L4.
2. Strongco is a reporting issuer in all of the provinces of Canada and is not on any list of defaulting reporting issuers maintained under the securities legislation in those jurisdictions.
3. The authorized capital of Strongco consists of an unlimited number of common shares (the "**Common Shares**"). As at March 24, 2005, there were 9,599,885 Common Shares and options ("**Options**") to acquire 450,800 Common Shares outstanding. The Common Shares are listed on the Toronto Stock Exchange (the "**TSX**").
4. The Fund is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust (the "**Declaration of Trust**") dated March 21, 2005, and has its head and principal office located at 1640 Enterprise Road, Mississauga, Ontario, L4W 4L4.
5. An unlimited number of units ("**Units**") of the Fund will be issuable pursuant to the Declaration of Trust. As at March 24, 2005, there were four Units outstanding and held by Strongco.
6. The Fund is not a reporting issuer in any of the jurisdictions of Canada but the Units to be issued in connection with the Arrangement have been conditionally approved for listing on the TSX subject to the listing requirements of such exchange.
7. AcquisitionCo is a corporation incorporated pursuant to the OBCA for purposes of acquiring, directly or indirectly, the Common Shares pursuant to the Arrangement and has its head and registered office located at 1640 Enterprise Road, Mississauga, Ontario, L4W 4L4.
8. The Fund owns all of the issued and outstanding common shares ("**AcquisitionCo Shares**") of AcquisitionCo.

9. AcquisitionCo is not a reporting issuer in any of the jurisdictions of Canada. As part of the Arrangement, AcquisitionCo will amalgamate with Strongco to form "New Strongco".
10. Strongco has called a meeting (the "**Meeting**") of the holders ("**Shareholders**") of the Common Shares to, among other things, consider and approve a proposed plan of arrangement (the "**Arrangement**") under section 182 of the OBCA pursuant to the terms of an arrangement agreement made as of March 23, 2005 between Strongco, the Fund and AcquisitionCo. The Meeting will be held on April 28, 2005.
11. The purpose of the Arrangement is to create the Fund as a publicly-traded income trust. Shareholders currently own Common Shares of Strongco, a corporate entity. The Arrangement will result in Shareholders transferring their Common Shares to the Fund in consideration for Units of the Fund.
12. On the effective date of the Arrangement (the "**Effective Date**") each of the events below shall, except as otherwise expressly provided, be deemed to occur sequentially without further act or formality:
 - (a) the Common Shares held by Shareholders ("**Dissenting Shareholders**") who have exercised their dissent rights which remain valid immediately before the Effective Date shall be deemed to have been transferred to Strongco and be cancelled and cease to be outstanding and such Dissenting Shareholders shall cease to have any rights as Shareholders other than the right to be paid the fair value of their Common Shares;
 - (b) each issued and outstanding Common Share shall be transferred to the Fund (free of any claims) in exchange for one Unit;
 - (c) the Fund shall transfer to AcquisitionCo (free of any claims) each of the Common Shares held by it in exchange for,
 - (i) one Series 1 Note of AcquisitionCo (a "**Series 1 Note**"), and
 - (ii) one AcquisitionCo Share,and an amount equal to the difference between the fair market value of a Common Share and the fair market value of one Series 1 Note, in each case determined at the time of the transfer, shall be added by AcquisitionCo to the stated capital of the AcquisitionCo Shares for each AcquisitionCo Share so issued;
 - (d) each Option shall be terminated and cease to have further force and effect; and
 - (e) AcquisitionCo and Strongco (hereinafter referred to in this paragraph (e) as predecessor corporations) shall be amalgamated to form New Strongco with the effect that,
 - (i) all of the property of the predecessor corporations held immediately before the amalgamation (except any amounts receivable from any predecessor corporations or shares of any predecessor corporations) will become the property of New Strongco;

- (ii) all of the liabilities of the predecessor corporations immediately before the amalgamation (except amounts payable to any predecessor corporations) will become liabilities of New Strongco;
 - (iii) the Fund will receive that number of common shares of New Strongco equal to the aggregate number of Units issued pursuant to paragraph (b) in exchange for all of the AcquisitionCo Shares held by it immediately before the amalgamation; and
 - (iv) the stated capital of the common shares of New Strongco will be fixed at an amount equal to the stated capital of the AcquisitionCo Shares immediately prior to the amalgamation.
13. Upon completion of the Arrangement, Shareholders will own all of the issued and outstanding Units of the Fund and the Fund will be the holder of all of the issued and outstanding securities of New Strongco.
14. Strongco's information circular dated March 24, 2005 (the "**Information Circular**") delivered on behalf of Strongco to the Shareholders in connection with the Meeting contains prospectus-level disclosure concerning the respective business and affairs of Strongco, the Fund and New Strongco, including financial information pertaining to the Fund, and a detailed description of the Arrangement.
15. The Arrangement will require: (i) approval by not less than two-thirds of the votes cast by the Shareholders voting, in person or by proxy, at the Meeting; and (ii) approval of the Ontario Superior Court of Justice.
16. Strongco, the Fund and AcquisitionCo have made application pursuant to subsections 4(5) and 27(2)(b) of the Act for an order that all trades and distributions of securities made in connection with the Arrangement are not subject to the registration and prospectus filing requirements of subsections 4(1)(a) and 27(2)(a) of the Act.

AND UPON reading and considering the application of the Applicant dated April 8, 2005;

AND UPON the Registrar being satisfied that it would not be prejudicial to the public interest to do so;

IT IS HEREBY ORDERED THAT:

1. Pursuant to subsections 4(5) and 27(2)(b) of the Act, all trades and distributions of securities made in connection with the Arrangement (all as described in the Information Circular) are not subject to subsections 4(1)(a) and 27(2)(a) of the Act.
2. The first trade in the securities acquired pursuant to this order shall be deemed to be a distribution unless the conditions in subsection 2.6(3) of Multilateral Instrument 45-102 - *Resale of Securities* ("**MI 45-102**") are satisfied and that in determining the period of time that the Fund is a reporting

issuer for the purposes of subsection 2.6(3), the period of time that Strongco was a reporting issuer in a jurisdiction of Canada immediately before the Arrangement may be included.

DATED at the City of Yellowknife, in the Northwest Territories this 22nd day of April, 2005.

"Tony Wong"

Tony S.K. Wong
Registrar, Securities & Corporate Registries