



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, C S.5, AS AMENDED**

**AND**

**IN THE MATTER OF  
DISCOVERY BIOTECH INC. AND GRAYCLIFF RESOURCES INC.**

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**ORDER  
Subsection 127(1) & 127(5)**

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**WHEREAS** on June 4, 2003 the Commission ordered that trading in Discovery Biotech Inc. ("Discovery") common shares by Discovery and its employees and agents and by Graycliff Resources Inc. ("Graycliff") and its employees or agents cease pending further order of the Commission (the "Temporary Order");

**AND WHEREAS** on June 10, 2003 the Ontario Securities Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, wherein Staff of the Commission sought, among other relief, a continuation of the Temporary Order;

**AND WHEREAS** on June 16, 2003, the Commission heard submissions from Staff and from Counsel for the Respondents and the parties each consented to continue this hearing on June 26 at 2:30 p.m.;

**AND WHEREAS** on June 26, 2003 and July 16, 2003 the Commission heard further submissions from Staff and from Counsel for the Respondents;

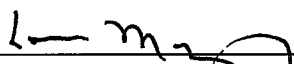
**IT IS THEREFORE ORDERED** that:


- i) the Temporary Order shall continue pending further order of this Commission;
- ii) Pursuant to section 127 (1) 4, the Respondent Discovery shall retain

iComply Compliance Consulting Inc. to report to the Commission on sales practices and procedures and to make recommendations with regard to proper sales practices and procedures to be followed in the sale of Discovery shares, such report (the "Compliance Report") to be filed with the Commission within two weeks of July 16, 2003;

- iii) pursuant to paragraph 4 of the order of Cumming, J., made July 9, 2003, the direction issued to the Scotiabank, 110 Spadina Avenue, Toronto, Ontario in respect of an account in the name of Discovery (the "Discovery Scotiabank Account") be varied so that \$15,000 will be paid directly from the Discovery Scotiabank Account to Wardle Daley LLP, in trust for iComply Compliance Consulting Inc., some or all of which sum will in turn be paid to iComply Compliance Consulting Inc. in respect of fees and disbursements incurred to prepare the Compliance Report;
- iv) the hearing will be continued following the filing with the Commission of Discovery's audited financial statements for the fiscal years ending in 2001 and 2002 and the Compliance Report, on a date to be fixed by the Secretary's Office.

Dated at Toronto this 16<sup>th</sup> day of July, 2003

  
H. Lorne Morphy, Q.C.

  
Robert W. Davis

  
Harold P. Hands