

Dear Sir or Madam:

In 1997, Canada enacted the Controlled Drug and Substances Act (CDSA), which allowed for the control of precursors and the development of regulations for their import, export, production and distribution. The Precursor Control Regulations (PCR) provide a framework that allows Canada to fulfill its international obligations with respect to the monitoring and control of precursors and other chemicals used in the production of illegal drugs.

The regulatory provisions governing the license and permit requirements for import, export and production of Class A precursors came into force in January 2003: the remaining requirements will take effect between July 2003 and January 2004. **This will affect anyone purchasing Potassium Permanganate for the purpose of resale.** If you purchase Potassium Permanganate for resale you will be required to obtain a Precursor License. I have attached the application for the license for your convenience.

If you have more than one location that will be selling this product you will be required to submit a separate application for each location. When you send your application in you will need to detail security measures you will have in place at the licensed site. This may be as simple as keeping the product behind a counter or area with keyed access to allow only individuals within your company that are aware of their responsibility when dealing with the precursors.

You will need to include how you store and transport the product, what records you will keep for the movement of the product, and how you will report loss or theft of the product. You will also need to provide a detailed description of any internal controls you have in place to control the movement of the precursor at the location. This will include the purchase, sale and destruction of the product.

Once you have completed the application, the Senior Person in Charge (SPIC) will need to include a letter stating that designated personnel at the license site have read the application and are aware of the internal security and control measures and that these measures will be followed.

If you have any questions regarding this information you should contact The Office of Controlled Substances – Health Canada in Ottawa, Ontario, 1-613-946-1142, or visit their websites at either <http://www.hc-sc.gc.ca/hecs-sesc/ocs/documents.htm#9> or www.hc-sc.gc.ca/hecs-sesc/sesc/dasc.htm.

Regards,

USF WaterGroup Inc.