

IN THE MATTER OF  
*THE SECURITIES ACT, 1988, S.S. 1988, c. s-42.2*

AND

IN THE MATTER OF  
CAN AG VENTURES LIMITED PARTNERSHIP

RULING  
(Section 83)

WHEREAS an application has been received by the Saskatchewan Securities Commission (the “Commission”) from Can Ag Ventures Limited Partnership (the “Issuer”) for a ruling pursuant to clause 83(1)(a) of *The Securities Act, 1988, S.S. 1988, c. S-42.2* (the “Act”) that the provisions of:

1. Sections 27 and 58 of the Act shall not apply to the proposed trades (the “Proposed Trades”) by the Issuer of a maximum of 1,000 limited partnership units (the “Units”) of the Issuer at a purchase price of \$1,000.00 per Unit, such trades to be made pursuant to the provisions of Saskatchewan Policy Statement 45-601 “Community Ventures – Section 83 Rulings (the “Offering”); and
2. Section 58 of the Act shall not apply to the first trades of Units issued using the exemptions contained in clauses 39(1)(y) and 81(1)(s) of the Act (the “Qualified Investor Exemption”) and clauses 39(1)(cc) and 81(1)(z) of the Act (the “Close Friend and Close Business Association Exemption”) with respect to the Offering;

AND WHEREAS the Commission has assigned to the Director the power to make exemption orders and rulings under the provisions of the Act;

AND WHEREAS it has been represented to the Director that:

1. The Issuer is a limited partnership formed pursuant to *The Business Corporations Act* of Saskatchewan on November 8, 2001;
2. The Issuer is not a reporting issuer within the meaning of the Act;
3. The Issuer is authorized to issue an unlimited number of Units, all of which are currently owned by Can Ag Ventures Inc., the general partner of the Issuer (the “General Partner”);
4. The Units are not listed or posted for trading on any stock exchange or over-the-counter market;

5. The General Partner is a corporation incorporated pursuant to the laws of Saskatchewan on March 11, 1996, and is not a reporting issuer within the meaning of the Act;
6. The General Partner is owned by Brent Bahniuck, Les Clayton, Keith Herzog, David Johnson, Andy Larsen, Terry Lofstrom, Glen Person, Glenn Strube, Gary Thall, Dale and Louise Benson, Ken and Sandra Benson, Lorne and Lorraine Benson, Daryl and Marlene Bloom, David and Lori Christiansen, Ron and Jeannette Dziurzynski, Ron and Bev Ferster, Bryan and Sandra Gillies, Virgil and Andrew Herdin, Randy and Jerri Hoback, Gilbert and Janice Provencher, Ed and Darwin Strelau, and Kerry and Kevin Wendel;
7. The officers of the Issuer are Randy Hoback, David Christiansen, and Sandra Gillies and the directors of the Issuer are Lorne Benson, Leslie Clayton and Jeannette Dziurzynski;
8. The promoters of the Issuer are all the shareholders of the General Partner, all the directors and officers named in paragraph 7 above and the following 19 individuals: Brent Bahniuck, Dale Benson, Ken Benson, Daryl Bloom, Ron Ferster, Andrew Herdin, Virgil Herdin, Keith Herzog, David Johnson, Andy Larsen, Terry Lofstrom, Glen Person, Gilbert Provencher, Darwin Strelau, Ed Strelau, Glenn Strube, Gary Thall, Kerry Wendal and Kevin Wenda (collectively, the “Promoters”);
9. The Issuer was created for the purpose of constructing and operating a 5,000 head one-time capacity, expandable to 20,000 head one-time capacity, backgrounding through finishing beef feedlot operation to be located near the Village of Canwood, Saskatchewan (the “Community Venture”);
10. Concurrently with the Proposed Trades, the Issuer is carrying out an offering of Units using the Qualified Investor Exemption, the Close Friend and Close Business Associate Exemption and may rely upon other statutory exemptions contained in the Act (the “Concurrent Offering”), all of these funds to be used to arrive at \$2,118,000 which is the minimum subscription amount necessary for the Offering to close (the “Minimum Subscription”);
11. The funds raised in the Offering will be used to finance the capital construction for a 5,000 head one-time capacity feedlot, to purchase inventory of 4,000 head of cattle and for operating capital including custom feeding as many as 1000 head of cattle;
12. The proposed selling area for the Proposed Trades is within an approximate 50 kilometer radius of the Village of Canwood and includes the rural municipalities of Big River No. 555, Canwood, No. 494, Leask No. 464, Shellbrook No. 493, and Spiritwood No. 496, and all towns, villages, hamlets and first nations encompassed within the greater boundaries of these rural municipalities (the “Proposed Selling Area”);
13. The population of the Proposed Selling Area is approximately 20,000 and there is no city, town, village or hamlet within the Proposed Selling Area with a population of more than 5,000 people;

14. The salespersons for the Proposed Trades are the Promoters, all of whom currently reside in the Proposed Selling Area and have so resided for the immediately two preceding years;
15. Each salesperson shall sell shares only to investors that reside within the Proposed Selling Area; and
16. Each potential investor will receive a copy an offering memorandum accepted by the Director of the Commission (the "Director") for use with respect to the Offering (the "Offering Memorandum");

AND WHEREAS the Director is of the opinion that it would not be prejudicial to the public interest to make this ruling;

IT IS HEREBY RULED pursuant to clause 83(1)(a) of the Act that the provisions of:

1. Sections 27 and 58 of the Act shall not apply to the Proposed Trades provided that:
  - a. Each investor resides in Saskatchewan and is:
    - i. An individual who:
      - (a) resides within the Proposed Selling Area, both at the time of the Offering and for the two-year period immediately preceding the Offering;
      - (b) does not reside in a city; and
      - (c) is eighteen years of age or older; or
    - ii. An individual who:
      - (a) is a spouse, spousal equivalent, parent, brother, sister, child, mother-in-law, father-in-law, brother-in-law, or sister-in-law, close friend or close business associate of an individual in paragraph 1 above; and
      - (b) has resided within the Proposed Selling Area for a period of not less than 10 consecutive years before the Offering; and
      - (c) at the time of the Offering continues to have close ties to the Proposed Selling Area; and
      - (d) is 18 years of age or older; or
    - iii. A person or company that is controlled by an individual or individuals who fall within the provisions of paragraphs (a) or (b) above;

- b. Each investor receives a copy of this Ruling and the Offering Memorandum prior to or contemporaneously with the trade;
- c. All promotional material used in connection with the trade is approved by the Director prior to its use;
- d. Each investor purchases as principal;
- e. Solicitations of and sales to investors shall only be made by:

Brent Bahniuck	Canwood, SK	Dale Benson	Canwood, SK
Ken Benson	Canwood, SK	Lorne Benson	Canwood, SK
Daryl Bloom	Canwood, SK	David Christiansen	Canwood, SK
Les Clayton	Canwood, SK	Jeannette Dziurzynski	Stump Lake, SK
Ron Ferster	Shellbrook, SK	Sandra Gillies	Debden, SK
Andrew Herdin	Shellbrook, SK	Virgin Herdin	Shellbrook, SK
Keith Herzog	Mayview, SK	Randy Hoback	Canwood, SK
David Johnson	Canwood, SK	Andy Larsen	Canwood, SK
Terry Lofstrom	Canwood, SK	Glen Person	Canwood, SK
Gilbert Provencher	Shellbrook, SK	Darwin Strelau	Canwood, SK
Ed Strelau	Canwood, SK	Glenn Strube	Shellbrook, SK
Gary Thall	Canwood, SK	Kerry Wendal	Shellbrook, SK
Kevin Wendal	Shellbrook, SK		

or a registrant pursuant to the Act authorized to trade in the Units;

- f. No sales commissions shall be paid with respect to the trade;
- g. The Minimum Subscription is raised;
- h. The amount raised in this Offering shall not exceed \$1,000,000 and the amount raised using the Qualified Investor Exemption shall not exceed \$1,000,000;
- i. Monies raised pursuant to the Offering are held in trust by Dean Rask, Rask and Company, Barristers and Solicitors, #11 – 844 – 51<sup>st</sup> Street East, Saskatoon, Saskatchewan, S7K 5C7, telephone: (306)242-2500, until all conditions of closing as set out in the Offering Memorandum are met;
- j. A report is filed with the Commission within 30 days of the completion of the Proposed Trade disclosing the names, addresses and telephone number of investors, the amount of Units purchased and certifying compliance with this Ruling;
- k. On closing, the Issuer complies with, on a continuous basis, the provisions of Part XIV and Part XV of the Act as if it was subject to those provisions except that:
  - i. It is not required to file with the Commission or send to its security holders financial statements for the first and third quarters of each of its financial years; and

- ii. If the amount raised pursuant to the Offering is less than \$500,000, its annual financial statements need not be accompanied by the report of an auditor provided that:
  - (a) a general review has been carried out by an independent accountant as set out in Section 8100 of the Canadian Institute of Chartered Accountants (“CICA”) Handbook; and
  - (b) such financial statements are accompanied by a review engagement report as set out in Section 8200 of the CICA Handbook;
  
- l. Further trades of securities purchased under this Ruling shall be subject to the provisions of section 2.5 of Multilateral Instrument 45-102 Resale of Securities, unless such trades are:
  - i. To the Issuer;
  - ii. To a self-directed registered retirement savings plan of the investor or the investor’s spouse;
  - iii. From a self-directed registered retirement savings plan of the investor or the investor’s spouse to the investor or his/her spouse or the Issuer;
  - iv. To other investors who own Units of the Issuer; or
  - v. To any other person or company provided that two years have passed since the date that the Offering closed and the Issuer is required to file annual and semi-annual financial statements and is not in default of the requirement;
  
- m. Trades pursuant to this Ruling are completed on or before June 1, 2002, or such further date as the staff of the Commission may allow; and
- n. Unless otherwise inconsistent with this Ruling, the trade complies with Saskatchewan Policy Statement 45-601; and
  
- 2. Section 58 of the Act shall not apply to the first trades of Units issued using the Qualified Investor Exemption and the Close Friend and Close Business Association Exemption with respect to the Concurrent Offering if such trades are:
  - a. To the Issuer;
  - b. To a self-directed registered retirement savings plan of the investor or the investor’s spouse;
  - c. From a self-directed registered retirement savings plan of the investor or the investor’s spouse to the investor or his/her spouse or the Issuer;

- d. To other investors who own Units of the Issuer; or
- e. To any other person or company provided that two years have passed since the date that the Offering closed and the Issuer is required to file annual and semi-annual financial statements and is not in default of the requirement;

DATED February 18, 2002.

*“Barbara Shourounis”*

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Barbara Shourounis  
Director