

IN THE MATTER OF

THE SECURITIES ACT, 1988, S.S. 1988, c. s-42.2

AND

IN THE MATTER OF
CARLTON TRAIL PELLETTING LTD.

RULING
(Section 83)

WHEREAS an application has been received by the Saskatchewan Securities Commission (the "Commission") from Carlton Trail Pelleting Ltd. (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:

1. The provisions of sections 27 and 58 of the Act shall not apply to the proposed trade by the Issuer of 500 Class "A" common shares of the Issuer (the "Shares") at a purchase price of \$200.00 per Share, such trade to be made pursuant to the provisions of Saskatchewan Policy Statement 45-601 "Community Ventures - Section 83 Rulings ("SPS 45-601") (the "Proposed Trade");
2. The provisions of section 58 of the Act shall not apply to the first trade of Shares acquired pursuant to an offering to be made 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") concurrently with the Proposed Trade (the "Concurrent Offering"); and
3. For any and all purposes of the Act and *The Securities Regulations, R.S.S., c. S-42.2 Reg. 1* (the "Regulations") thereto the Issuer be deemed not to be in default of the Act or Regulations;

AND WHEREAS the Commission has assigned to the director of the Commission (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 corporation incorporated pursuant to the laws of Saskatchewan on November 23, 2000 and is not a reporting issuer within the meaning of the Act;
2. The Issuer is authorized to issue an unlimited number of Shares, Class "B" common shares and

Class "C" preferred shares of which 949 Shares are currently issued and outstanding;

3. The securities of the Issuer are not listed or posted for trading on any stock exchange or over-the-counter market;
4. A significant number of the Issuer's current issued and outstanding securities were issued pursuant to an offering memorandum filed in accordance with the provisions of SPS 45-601 dated October 18, 2001 (the "October Offering Memorandum");
5. The Issuer was created for the purpose of preparing a feasibility study for a feed pelleting plant to be located in Kelliher, Saskatchewan and if positive, financing, constructing and operating a feed pelleting plant (the "Pelleting Plant") using grain screenings in the Kelliher, Saskatchewan trading area;
6. Pursuant to the October Offering Memorandum and a ruling of the Commission dated October 18, 2001 (the "October Ruling") the Issuer raised funds to conduct a feasibility study for the Pelleting Plant (the "October Community Venture");
7. Trades under the October Community Venture closed on December 28, 2001;
8. Pursuant to the October Ruling, the Issuer was required to deliver a copy of the October Ruling and the October Offering Memorandum to investors prior to or contemporaneously with trades made pursuant to the October Community Venture. Due to an oversight by the Issuer and its promoters, the October Ruling was not delivered to investors prior to or contemporaneously with trades made pursuant to the October Community Venture;
9. After the Issuer and the promoters determined that a copy of the October Ruling was not delivered to investors as required, the Issuer, as soon as reasonably practicable, mailed a copy of the October Ruling to each investor who purchased securities from the Issuer pursuant to the October Community Venture;
10. The Issuer and its promoters may not be able to rely on the registration and prospectus exemptions contained in sections 39 and 81 of the Act as a result of being in default of a decision of the Commission pursuant to subsections 39(4) and 82.1 of the Act;
11. The Issuer proposes to raise funds to construct and operate the Pelleting Plant in Kelliher, Saskatchewan pursuant to SPS 45-601 (the "Community Venture") and concurrently with the Proposed Trades the Issuer intends to carry out an offering of Shares using the Qualified Investor Exemption and the Close Friend and Close Business Association Exemption and may rely upon other statutory exemptions contained in the Act;
12. The minimum subscription amount necessary to close the offering, including funds raised in the Concurrent Offering, together with all financing arranged by the promoters, all of which will be unconditionally available to the Issuer, is enough to ensure that the Pelleting Plant is constructed and operating;
13. The proposed selling area for the Proposed Trade is within a 100 kilometer radius of Kelliher,

Saskatchewan not including Yorkton, Saskatchewan or Melville, Saskatchewan (the “Proposed Selling Area”);

14. The population of the Proposed Selling Area is approximately 35,294 excluding the cities of Yorkton, Saskatchewan and Melville, Saskatchewan;
15. There is no town, village or hamlet within the Proposed Selling Area with a population of more than 5,000 people and there are no cities in such area except for Yorkton, Saskatchewan and Melville, Saskatchewan;
16. Except in limited circumstances, there will be no sales to residents of Yorkton, Saskatchewan and Melville, Saskatchewan unless they farm within the Proposed Selling Area;
17. Salespersons will only sell Shares to investors who reside within the Proposed Selling Area within a 40 kilometer radius of the salesperson’s residence, or in the case of investors who reside in Yorkton, Saskatchewan or Melville, Saskatchewan, who farm, within a 40 kilometer radius of the salesperson’s residence;
18. All the officers and directors of the Issuer currently reside in the Proposed Selling Area and have so resided for the immediately two preceding years and have been involved with the development in the Community Venture from the beginning;
19. All of the salespersons for the Proposed Trade, 9 of whom are officers and directors of the Issuer, currently reside in the Proposed Selling Area and have so resided for the immediately two preceding years;
20. Each potential investor will receive a copy of an offering memorandum (the “Offering Memorandum”) accepted by the Director for use with respect to the Proposed Trade; and
21. In order for the Issuer to rely upon SPS 45-601, the Qualified Investor Exemption, the Close Friend and Close Business Association Exemption and other exemptions available under sections 39 and 81 of the Act with respect of the Proposed Trade, the Issuer shall not be in default of a decision of the Commission pursuant to subsections 39(4) and 82.1 of the Act of the Act;

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 sections 27 and 58 of the Act shall not apply to the Proposed Trade provided that:

1. A purchaser of Shares under this offering must purchase as principal, reside in Saskatchewan and be:
 - a. an individual who:
 - i. resides within the Proposed Selling Area at the time of the offering and for the

two-year period immediately preceding the offering; and

- ii. does not reside in a city, except if the individual is actively involved in the business of farming within the Proposed Selling Area; and
- iii. is purchasing securities from a salesperson that resides within a 40 kilometer radius of the purchaser's residence, except if the purchaser resides in a city, the salesperson must reside within 40 kilometers of where the purchaser farms; and
- iv. is 18 years of age or older; or

b. An individual who:

- i. is a parent, child, brother, brother-in-law, sister, sister-in-law, close friend or close business associate of an individual described in paragraph a above; and
- ii. has resided within the Proposed Selling Area for a period of not less than 10 consecutive years before the offering; and
- iii. at the time of the offering, continues to have close ties to the Proposed Selling Area; and
- iv. is 18 years of age or older; or

c. A person or company that is controlled by an individual or individuals who fall within the provisions of paragraphs a. or b. above;

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

Clifford Larson	Kelliher, Saskatchewan
David Thompson	Kelliher, Saskatchewan
Robert Heggie	Leross, Saskatchewan
Allan Wilson	Kelliher, Saskatchewan
Ron Horvath	Leross, Saskatchewan
Brice Budd	Kelliher, Saskatchewan
Bert deGooijer	Kelliher, Saskatchewan

Ron Janes	Leross, Saskatchewan
Henry deGooijer	Kelliher, Saskatchewan
Leonard Moroz	Wishart, Saskatchewan
Ken Thomas	Dysart, Saskatchewan
Larry Jankoski	Ituna, Saskatchewan
James Slywka	Lipton, Saskatchewan
Stan Weisbrod	Cupar, Saskatchewan
Wayne Patrick	Bankend, Saskatchewan
Pat Ivey	Ituna, Saskatchewan
Edwin Plohr	Raymore, Saskatchewan
Gordon Wolitski	Wishart, Saskatchewan
Frank Nameth	Cupar, Saskatchewan
Perry Hart	Cupar, Saskatchewan
David McDonald	Invermay, Saskatchewan
Borden Woloshyn	Kuroki, Saskatchewan
Duane Thompson	Kelliher, Saskatchewan
Allan Shire	Kelliher, Saskatchewan
Grant Kerluke	Wadena, Saskatchewan
Ken Fordon	Punnichy, Saskatchewan
Neil Aamodt	Kelliher, Saskatchewan
Darryl Clark	Kelliher, Saskatchewan
William Huber	Lipton, Saskatchewan
Eugene Owerko	Kelliher, Saskatchewan
Greg Kowalski	Wishart, Saskatchewan
Barry Karol	Kelliher, Saskatchewan
Bill Feszczyn	Kelliher, Saskatchewan
Jack Sweatman	Kelliher, Saskatchewan
Garry Lekach	Kelliher, Saskatchewan
Robert Gibbons	Balcarres, Saskatchewan
Gerald Zatylny	Fort Qu'Appelle, Saskatchewan
Dennis Bullivant	Balcarres, Saskatchewan
Clayton Kentz	Ituna, Saskatchewan
Stuart Murry	Kelliher, Saskatchewan
Rob McGregor	Foam Lake, Saskatchewan
Reece Cooper	Kelliher, Saskatchewan
Mike Boczulak	Kelliher, Saskatchewan
Sheldon Cooper	West Bend, Saskatchewan
Walter Oleksyn	Kelliher, Saskatchewan
Keith Barber	Leslie, Saskatchewan
Murray Huber	Lipton, Saskatchewan
Alex Baranesky	Foam Lake, Saskatchewan

Arlie Murry	Kelliher, Saskatchewan
Eric Olafson	Wynyard, Saskatchewan
Robert Ross	Ituna, Saskatchewan
Peter Kolody	Dysart, Saskatchewan
Stan Sopel	Ituna, Saskatchewan
Arnold Hall	Wishart, Saskatchewan
Gordon Baan	Punnichy, Saskatchewan
Eugene Maystrowich	Yorkton, Saskatchewan
Tyler Nycz	Buchanan, Saskatchewan
Ron de Gooijer	Kelvington, Saskatchewan

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

6. No sales commission shall be paid with respect to the trade;
7. The minimum subscription amount necessary to close the offering, including funds raised pursuant to the Concurrent Offering, is \$940,000;
8. Monies raised pursuant to the offering of Shares are held in trust by Glen Lekach of Balfour Moss, Barristers and Solicitors, 700-2103-11th Avenue, Regina, Saskatchewan, S4P 4G1, Telephone: (306) 347-8322, Fax: (306) 347-8350, counsel to the Issuer, until all conditions of closing for the offering as set out in the Offering Memorandum are met;
9. A report is filed with the Commission within 30 days of the completion of the Proposed Trade disclosing the names, addresses and telephone numbers of investors, the amount and number of Shares purchased and certifying compliance with this Ruling;
10. Trades pursuant to this Ruling are completed on or before October 10, 2002 or such further date as the staff of the Commission may allow;
11. On Closing, the Issuer complies with on a continuous basis the provisions of Part XIV and Part XV of the Act as if it were subject to those provisions except that 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;
12. Further trades of Shares purchased under the Proposed Trade will be restricted and subject to MI 45-102 as if the securities were acquired under clause 81(1)(s) of the Act unless such trades are:
 - a. to the Issuer;
 - b. to a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse;

- c. from a self-directed registered retirement savings plan of the Security holder or the Security holder's spouse to the Security holder or his/her spouse or the Issuer;
- d. to other Security holders who own Securities in the capital stock of the Issuer; or
- e. to any other person or company, provided that 2 years have passed since the date that this offering closed and the Issuer is not in default of the requirement to file annual and semi-annual financial statements pursuant to paragraph 11 of this Ruling;

13. Unless otherwise inconsistent with this Ruling, the trade complies with SPS 45-601;

AND IT IS HEREBY FURTHER RULED pursuant to clause 83(1)(a) of the Act the provisions of section 58 of the Act shall not apply to the first trade of Shares issued using the Qualified Investor Exemption and the Close Friend and Close Business Association Exemption provided that such trades are:

- 1. to the Issuer;
- 2. to a self-directed registered retirement savings plan of the security holder or the security holder's spouse;
- 3. from a self-directed registered retirement savings plan of the security holder or the security holder's spouse to the security holder or his/her spouse or the Issuer;
- 4. to other security holders who own securities in the capital stock of the Issuer; or
- 5. to any other person or company, provided that 2 years have passed since the date that this Offering closed and the Issuer is required to file annual and semi-annual financial statements and is not in default of the requirement;

AND IT IS HEREBY FURTHER RULED pursuant to clause 83(1)(a) of the Act that for any and all purposes of the Act and the Regulations the Issuer is deemed not to be in default of the Act and the Regulations as a result of not including a copy of the October Ruling in its correspondence to its investors as required by the October Ruling.

DATED April 8, 2002.

“Barbara Shourounis”

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Barbara Shourounis
Director