

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

AND

IN THE MATTER OF
317724 SASKATCHEWAN LTD.

RULING/ORDER
(Sections 83 and 113)

WHEREAS an application has been received by the Saskatchewan Securities Commission (the "Commission") from 317724 Saskatchewan Ltd. (the "Company") for:

1. An order pursuant to clause 113(2)(c) of *The Securities Act, 1988, SS 1988, c. S-42.2* (the "Act") that the provisions of sections 104 to 109 of the Act shall not apply to the offer to acquire Class A common, and Class D and E preference shares (the "Shares") of the Company (the "Bid") by any of Bailey Brothers Seeds Inc., Mr. and Mrs. Roy Bailey, and Mr. and Mrs. Ralph Bailey (collectively, the "Purchasers"); and
2. A ruling pursuant to section 83 of the Act that the provisions of sections 27 and 58 of the Act shall not apply to trades of the Shares by the holders of the Shares to the Purchasers under the Bid;

AND WHEREAS it has been represented to the Commission that:

1. The Company was incorporated under *The Business Corporation Act* (Saskatchewan) on April 5, 1995 for the purpose of operating a seed processing and marketing business, and is not a reporting issuer within the meaning of the Act, but is a "private issuer" as that term is defined in clause 2(1)(jj.1) of the Act;
2. The shareholders of the Company are, primarily, farmers and related businesses in the vicinity of Rosetown and Grand Coulee, Saskatchewan, where the Company operates seed cleaning plants;
3. Financing was raised by the Company to build its seed cleaning plants in 1995 and again in 1997 using the "private issuer" exemption in clauses 39(2)(k) and 82(1)(a) of the Act;
4. The authorized capital of the Company consists of an unlimited number of Class A common shares, of which 4,020,230 are issued and outstanding, an unlimited

number of Class D preference shares, of which 4,222,632 are issued and outstanding and an unlimited number of Class E preference shares of which 2,765,311 are issued and outstanding;

5. Many of the shareholders of the Company who invested in the Company are married couples and, in a few cases, siblings, who directed that their Shares be registered jointly;
6. Many of the shareholders of the Company who invested in 1995, invested more in 1997;
7. In accordance with the definition of “private issuer”, there are less than 50 shareholders in the Company;
8. If the jointly registered shareholders are counted separately, however, there are more than 50 individuals who hold interests in Shares;
9. In 1999 the Company began to experience financial difficulties owing to the grain transportation infrastructure problems currently affecting the grain industry in Saskatchewan, making it difficult to deliver grain and difficult, therefor, to receive payment for grain products;
10. As a result, a number of the shareholders of the Company have expressed an interest in selling their Shares (collectively, the “Vendors”), and the Purchasers have expressed a willingness to buy the Vendors’ Shares, and so the Vendors have each signed offers to sell their Shares at prices which have been negotiated by the Vendors and the Purchasers, with different prices for those Shares purchased in 1995 (being \$0.70 per unit consisting of Class A common, Class D preference and Class E preference shares such purchased at a purchase price of \$1.00 per unit) and those Shares purchased in 1997 (being \$1.146 per unit consisting of Class A common and Class E preference shares such purchased at a purchase price of \$1.91 per unit), but otherwise, each Vendor will be paid the same consideration for Shares sold;
11. The aggregate holdings of the Purchasers in the Company will increase from approximately 9-10% to approximately 45-47 % as a result of the Bid;
12. Approximately 20 shareholders of the Company (32 shareholders, if shareholders registered jointly are counted separately rather than as one) have signed agreements to sell their shares in the Company for an aggregate purchase price of approximately \$1,297,928;
13. Shareholders of the Company tendering to the Bid will be paid in full for their Shares within 10 days of providing the Purchasers or their agents with all documentation necessary to complete the sale;
14. All shareholders of the Company were advised of the terms of the Bid and given an opportunity to tender to the Bid; and

15. There is uncertainty whether the exemption from the formal takeover bid rules in clause 102 (1)(d) of the Act is available, due to the fact that if the jointly registered shareholders are counted separately, there would be more than 50 persons who hold an interest in Shares;

AND WHEREAS the Commission is satisfied that it would not be prejudicial to the public interest to make the Ruling/Order;

IT IS HEREBY ORDERED pursuant to clause 113(2)(c) of the Act that the provisions of sections 104 to 109 of the Act shall not apply to the Bid; and

IT IS HERBY 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 trades of the Shares by the holders of the Shares to the Purchasers under the Bid.

DATED at Saskatoon, Saskatchewan, on December 14, 2000.

"Marcel de la Gorgendière, Q.C."

Marcel de la Gorgendière, Q.C.
Chairperson