

Purchase Plan between Cando, Crocus, certain key shareholders and Cando employees.

6. The Employee Share Plan was recently amended to permit trades to:

- (a) a spouse of an employee of Cando;
- (b) a trustee, custodian or administrator acting on behalf, or for the benefit, of an employee of Cando;
- (c) a holding entity of an employee of Cando; or
- (d) an RRSP or RRIF of an employee of Cando or of a spouse of an employee of Cando.

(the "Related Persons")

7. In addition, there are agreements in place that facilitate trades contemplated in the Employee Share Plan and the previously granted Commission Orders.

8. An agreement (the "Significant Shareholders Agreement") was entered into on July 31, 1996 among Crocus, Gordon Peters and Diane Peters (collectively, the "Significant Shareholders" and individually, a "Significant Shareholder"), being the only shareholders then holding 5% or more of the issued and outstanding Class A Common Shares of Cando, which provides, *inter alia*, that:

- (a) the transfer of shares of Cando is restricted and no transfer may be made otherwise than to an Employee Shareholder or to a person who is, or as a result thereof becomes, a Significant Shareholder;
- (b) each Significant Shareholder has rights of first refusal in respect of any proposed sale of shares of Cando by any other Significant Shareholder;
- (c) each Significant Shareholder is entitled to participate pro rata in any sale of Cando shares by Gordon Peters;
- (d) if Gordon Peters is prepared to accept an offer to purchase all of the outstanding shares of Cando, then, unless they are prepared to purchase the shares in place of the proposed purchaser, the other Significant Shareholders are required to sell their shares to the purchaser;
- (e) subject to the condition that Crocus earn a minimum rate of return from its investment in Cando, Crocus will, over time, offer for sale to employees of Cando the shares to be owned by it. Such

shares are to be offered pursuant to provisions of the Employee Share Purchase Plan;

(f) Cando be governed by a board of directors, one of which will be the nominee of Crocus, as long as it is a shareholder, one of which will be the nominee of the Employee Shareholders and the remaining members of which will be nominees of Gordon Peters;

(g) Cando will require the consent of Crocus for certain actions; and

(h) any person who becomes a Significant Shareholder will be required to become a party to the Significant Shareholders Agreement.

9. Each employee of Cando who became a shareholder of Cando (an "Employee Shareholder") relying on the Commission Orders entered into an agreement (an "Employee Shareholder Agreement") with Cando and Gordon Peters which provides, *inter alia*, that:

(a) if the Employee Shareholder dies, becomes disabled, or if his or her employment is terminated, all shares owned by the Employee Shareholder will be purchased by Cando at a price determined in accordance with the provisions of the Employee Shareholder Agreement. Cando may purchase insurance to fund its obligation to purchase the shares on death or disability;

(b) the Employee Shareholder may transfer his or her shares of Cando to a Registered Retirement Savings Plan or Registered Retirement Income Fund, under which he or she is the annuitant;

(c) other transfers of shares of Cando by the Employee Shareholder are restricted to permit transfers only to other employees of Cando or to persons who are Significant Shareholders and any such sale by an employee is subject to rights of first refusal in favour of both Cando and Gordon Peters;

(d) each Employee Shareholder is entitled to participate pro rata in any sale of Class A Common Shares by Gordon Peters; and

(e) if Gordon Peters is prepared to accept an offer to purchase all of the shares of Cando owned by Gordon Peters, then, unless the Employee Shareholder is prepared to purchase the shares of Cando owned by Gordon Peters (whether alone or together with other shareholders) in place of the proposed purchaser, the Employee

Shareholder is required to sell his or her shares to the proposed purchaser.

10. On a going forward basis, any employee or Related Person acquiring shares of Cando (a "Secondary Shareholder") will be required to enter into a Secondary Shareholder's agreement (the "Secondary Shareholder Agreement") with Cando and Gordon Peters which provides for the equivalent provisions to those set out in paragraph 8 above.

11. Neither the Employee Shareholders nor Crocus have any right to participate in the day-to-day management of Cando, but, as long as it is a shareholder, certain actions, set out in the Significant Shareholders Agreement, require the consent of Crocus.

12. Cando and Crocus have discussed the investment of additional monies by Crocus in Cando for the purpose of developing its business. Crocus and Cando are, at present, entering into a subscription agreement to be dated November 1, 2002, where Crocus has agreed to purchase an additional 94,786 Class A Common Shares (at \$10.55 per share) in the capital stock of Cando pursuant to the terms and conditions as set forth therein (the "Subscription Agreement").

13. A condition of closing to the Subscription Agreement is that Cando obtain the necessary consents of regulatory or governmental bodies and including an order from The Manitoba Securities Commission exempting the issuance of the said 94,786 Class A Common Shares in the capital stock of Cando and any subsequent sales thereof by Crocus to employees or to entities on behalf of employees as contemplated by the Employee Share Purchase Plan, the Employee Shareholder Agreement and the Significant Shareholder Agreement.

14. In addition, concurrently with the Subscription Agreement between Cando and Crocus, Cando is also entering into a subscription agreement with an employee of Cando, Mr. Grant Kirkup, with respect to the acquisition of 32,500 Class A Common Shares (at \$10.55 per share) in the capital stock of Cando and, which acquisition will be exempt pursuant to *The Securities Act* (Manitoba). As well, a subscription agreement with Mrs. Sandra Kirkup, wife of Grant Kirkup, is concurrently being entered into with respect to the acquisition of 62,500 Class A Common Shares (at \$10.55 per share) in the capital stock of Cando (the "SK Subscription Agreement"). Pursuant to the SK Subscription Agreement, Cando undertook to obtain an order of The Manitoba Securities Commission for an order exempting the sale of such Class A Common Shares to Sandra Kirkup, which would otherwise be available on a private placement basis as the consideration paid for such shares will exceed the \$97,000 threshold under Subsection 19(3) of *The Securities Act* (Manitoba).

15. Cando also undertook to obtain an order exempting sales by Cando to Related Persons as contemplated in the Employee Share Purchase Plan, which

subscriptions would not exceed the private placement threshold under Subsection 19(3) of *The Securities Act* (Manitoba).

16. In addition, given the relationship which exists and which will likely continue to exist as between Crocus and Cando, there exists a very real likelihood that further financing may be sought by Cando from Crocus on the same basis as set forth in the Subscription Agreement ("Future Crocus Trades").

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested;

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, trades by Cando to Crocus in connection with the Subscription Agreement and Future Crocus Trades be exempt from Sections 6 and 37 of the Act provided that Crocus file with the Commission a report of trade that substantially complies with Form 8 to *The Securities Regulation*;

2. THAT, pursuant to subsection 20(1) of the Act, trades between any of Crocus, employees of Cando and Related Persons pursuant to the Employee Share Purchase Plan, the Significant Shareholders Agreement or the Secondary Shareholders Agreement be exempt from Sections 6 and 37 of the Act;

3. THAT, the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

DEPUTY DIRECTOR