

THE SECURITIES ACT) Order No. 3429
)
Section 20 and) July 11, 2001
Section 19(5)

OAKRIDGE SWINE INC.
AND
PP MANITOBA INC.

WHEREAS:

(A) Oakridge Swine Inc. ("Oakridge") and PP Manitoba Inc. ("PP Manitoba") have made application to The Manitoba Securities Commission (the "Commission") for an order pursuant to section 20 of *The Securities Act*, R.S.M. 1988, c. S50 (as amended) (the "Act") that trades made in connection with an offering of shares in the capital of Oakridge to certain purchasers resident in Manitoba (the "Offering") shall be exempt from sections 6 and 37 of the Act;

(B) It has been represented to the Commission by Oakridge and PP Manitoba that:

1. Premium Pork Canada Inc. ("PP Canada") is an integrated hog business founded on partnerships and alliances which has achieved a recognized position in the North American pork industry by building and maintaining farrowing barns throughout Ontario.
2. PP Canada currently operates 8 farrowing barns which house a total of 20,000 sows. PP Canada's four year goal is to add 10 additional 2500 sow farrowing barns.
3. PP Manitoba is PP Canada's corporate body for operations in Manitoba. Expanding on PP Canada's founding principles of partnerships and alliances. PP Canada through PP Manitoba will continue to develop the 2500 sow production units as they have been doing over the past five years with ongoing consideration to economics, design, production and environmental sustainability. PP Manitoba currently owns 1 farrowing barn in Manitoba.
4. Oakridge Swine Inc. will be owned as to 50% by PP Manitoba and 50% by the potential investors (the "Potential Investors"). PP Manitoba currently owns 500 Class A Common Shares and, upon completion of the pending conversion of its \$660,000 shareholder's loan to Class E Preference Shares, will own 660,000 Class E Preference Shares of Oakridge. Oakridge currently has no other issued and outstanding shares.
5. In order to carry on the PP Canada system in Manitoba, Oakridge has purchased the lands legally described as SW 33-12-23 WPM EXC all mines and

minerals as set forth in Transfer No. 1092728 located in the Rural Municipality of Woodworth near Portage La Prairie, Manitoba (the "Oakridge Land"). Oakridge will then construct a 2,432 head hog farrowing barn (the "Barn") upon the Oakridge Land (the "Oakridge Project"). The total cost of the Oakridge Project shall be approximately five million two hundred and twenty thousand dollars (\$5,220,000) arrived at as follows:

(a) acquisition of the Oakridge Land	- \$100,000;
(b) construction of the Barn	- \$2,700,000;
(c) equipment costs	- \$1,420,000; and
(d) inventory of animals	- \$1,000,000
Total	- \$5,220,000

6. The total cost of the Oakridge Project set forth above shall be funded as follows:

- (a) shareholder capital - \$1,320,000 (each of PP Manitoba and the Potential Investors contributing \$660,000);
- (b) Farm Credit Corporation loan - \$3,500,000; and
- (c) bank loan - \$400,000;

7. In order to raise the required \$660,000 from Potential Investors, Oakridge is intending to offer 500 Class A Common Voting Shares for 0.05 cents per share and Class C Preference Shares at one dollar per share to Potential Investors who fall into one the following categories:

- (a) "related purchasers" as defined in section 89 of the regulation to the Act (the "Regulation") with respect to their relationship to Oakridge ("Related Purchasers"); and
- (b) "informed purchasers" as defined in section 89 of the Regulation ("Informed Purchasers").

8. The Class C Preference Shares will have an annual dividend rate of 8% which will be cumulative except that no dividends will be declared until approximately twelve to eighteen months after the offering. Subject to availability of funds and Oakridge's right of redemption, it is expected that the Class C Preference Shares will remain outstanding for six years. The Class C Preference Shares will be non-voting and will be redeemable at the option of Oakridge at any time provided that any redemption to the Class C Preference Shares must be made proportionately amongst all holders of Class C Preference Shares. The Class C Preference Shares

will enjoy a preference as to dividends and a preference on liquidation or desolution of the company in priority to all other classes of shares.

9. The board of directors of Oakridge will be comprised of four directors, two nominees from each of PP Manitoba and the Potential Investors. Decisions of the board of directors will be unanimous and a quorum for meetings of directors is all of the directors.

10. All of the shareholders of Oakridge will be required to enter into a Shareholders Agreement which will include the following provisions:

(a) Preemptive rights, meaning that before shares can be issued to a new subscriber, the existing shareholder shall have a proportionate prior right to acquire those shares;

(b) A prohibition on transfer, meaning that the shareholders are generally prohibited from transferring shares without first complying with the provisions of the Shareholders Agreement;

(c) Special rights on transfers of shares, including:

(i) a right of first refusal, meaning that shareholders wishing to sell shares must first offer their shares to the other shareholders on the same terms;

(ii) piggy back rights, meaning that if the shares being sold represent at least 50% of all shares of Oakridge, then the other shareholders shall have the right to require the purchaser to buy their shares on the same terms.

(d) Shareholders will be required to transfer their shares in the event of any one or more of the following events ("Transfer Events"):

- (i) death;
- (ii) bankruptcy;
- (iii) insolvency;
- (iv) the appointment of a receiver;
- (v) seizing of shares; or
- (vi) default under the Shareholders Agreement.

Upon the occurrence of a Transfer Event, the other shareholders have a proportionate right to purchase such shareholder's shares at their fair market value (75% of the fair market value if (v) or (vi) above

applies) failing which Oakridge has the right to purchase those shares at fair market value.

11. Each of the Potential Investors will live or will be located within or within close proximity to the Rural Municipality of Woodworth and stands to derive a significant benefit from the Oakridge Project. Furthermore, each of the Potential Investors, by virtue of their being part of the community in which Oakridge will operate, will be familiar with the agricultural sector and the hog industry in particular, which will provide them with greater insight and familiarity with the business of Oakridge than investors who are not resident in the community would have had.

(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 section 20 of the Act, that trades made in connection with the Offering shall be exempt from sections 6 and 37 of the Act provided that:

(a) the Offering be limited to the following Potential Investors (the "Investors"):

Grant Sissons
Valerie Sissons
Kimberly Sissons
Sissons Farms Ltd.
Brad Dow
Liette Hulme
John Caister
Gloria Keeling
Don Sissons
Kevin Yuill
Brian Hyde
Ray Bouchard
Clarke Munro & Noreen Munro
Marvin McCallister
John Bodie & Shirley Bodie
Jamor Leasing Inc.
Craig Finnie
Jean Finnie
Jason Finnie
David Brown & Donald Brown
David Pizzey Ltd.
Chris Blight
Arnold Blight
Doug Simpson

Arnold Blight
Chris Blight
Doug Simpson
Northport Holdings Ltd.
2251761 Manitoba Ltd.
Jamor Leasing Inc.
Finnie-Wishart Farms Ltd.
S.G.A. Enterprises Ltd.
Portage Agri-Sales Ltd.
McGregor Agri-Sales Ltd.

(b) each of the Investors sign a written declaration at the time of subscription which will state that:

(i) the investor is an eligible investor by reason of the investor being either a Related Purchaser or an Informed Purchaser with respect to Oakridge (in the case of those investors which are Informed Purchasers, the declaration will have attached to it a certificate in prescribed form executed by a person who has provided expert advice (as such term is defined in section 89 of the Regulation));

(ii) the investor is aware that the shares of Oakridge being purchased pursuant to the Offering may not be sold for 12 months without the prior approval of the Director of the Commission unless the shares are sold to a person who also purchased shares pursuant to the Offering;

(iii) the investor is aware that the effect of the requested order is that the investor will be denied certain rights and protections otherwise available under the Act; and

(iv) the investor is aware that there is no market for the shares; and

(c) Oakridge will also complete the Offering within 180 days of the granting of this Order and will provide full details of the Offering to the Commission in a form substantially similar to Form 27 of the Regulation.

2. THAT, pursuant to subsection 19(5) of the Act, clause 91(a) of Manitoba Regulation 491/88R does not, with respect to the trades referred to in that clause, apply to Oakridge.

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

BY ORDER OF THE COMMISSION

Director

