

THE SECURITIES ACT)	Order No. 2874
)	
Section 20(1))	April 13, 2000

AMENDED & RESTATED

PRAIRIE PASTA PRODUCERS COOPERATIVE

WHEREAS:

(A) Application (the "Application") has been made by Prairie Pasta Producers Cooperative ("Prairie Pasta") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988, c.S50 (the "Act") exempting from the registration and prospectus requirements of sections 6 and 37 of the Act certain trades being made in connection with the proposed offering (the "Offering") of membership shares ("Membership Shares"), promissory notes (the "Notes") and certain rights (the "Rights") with respect to the possible future acquisition of common shares (the "Common Shares") of Prairie Pasta;

(B) It has been represented to the Commission by Prairie Pasta that:

1. Prairie Pasta is a cooperative which was incorporated under the laws of the State of North Dakota on November 13, 1998. It is currently registered to conduct business in Manitoba pursuant to *The Corporations Act* (Manitoba) and in Saskatchewan pursuant to *The New Generation Cooperatives Act*.
2. The authorized share capital of Prairie Pasta consists of 4,000 Membership Shares, 10,000,000 Common Shares and 10,000 investment shares (the "Investment Shares"). Currently there are no Membership Shares, Common Shares or Investment Shares issued and outstanding.
3. Membership Shares may only be sold to producers of agricultural products who have been accepted by the board of directors of Prairie Pasta as a member. Membership Shares entitle a member to one vote at the annual meeting of Prairie Pasta. A person may only own one Membership Share. The By-laws of Prairie Pasta provide that Membership Shares may only be transferred with the consent of Prairie Pasta and only to persons eligible to be Members.
4. Prairie Pasta is not subject to the continuous disclosure requirements of the Act.
5. Prairie Pasta is a "New Generation Cooperative" which, amongst other things, is permitted to close off membership as well as issue Investment Shares to certain non-members.

6. Prairie Pasta was formed with the intention of permitting durum wheat producers in Manitoba, Saskatchewan, North Dakota and Montana to deliver durum wheat to a mill owned by, or operated under contract to, Prairie Pasta for processing durum into semolina flour and for further processing into pasta products at a plant to be owned by Prairie Pasta.

THE OFFERING

7. Prairie Pasta wishes to approach durum wheat producers in Manitoba, Saskatchewan, North Dakota and Montana to determine their interest in joining the Prairie Pasta as a member and if so, whether they wish to acquire Notes and Rights, all pursuant to the Offering which is more fully described below. Prairie Pasta has previously identified interest among durum producers in Canada and the United States for a cooperative which would be involved in value added processing of durum wheat.

8. Pursuant to the Offering, any interested producers can become a member of Prairie Pasta (a "Member") by purchasing a Membership Share. Members will be entitled, pursuant to the terms of the Offering, to acquire, but not required to acquire, Notes and Rights pursuant to the Offering.

9. Only a Member, at his or her option, is entitled to subscribe for Notes. Notes may be subscribed for in a minimum amount of \$5,000 and a maximum amount of \$50,000. When a Note is subscribed for, the Member will receive a number of Rights based upon the amount of the Note subscribed for. Each Right will entitle the holder to acquire Common Shares in Prairie Pasta which will entitle the Member to deliver a specified volume of durum wheat to Prairie Pasta.

10. While there is no further consideration paid for the Right, it will only be exercisable when Prairie Pasta offers Common Shares to the public and will permit the holder of the Right to subscribe on a first right of refusal basis for the future offering at the price the Common Shares will be offered to the public.

11. The Rights are non-transferable.

12. Pursuant to the Offering, the minimum amount to be raised on the sale of the Notes is \$5,000,000.00 and the maximum amount is \$25,000,000.00. There is no minimum or maximum amount on the sale of Membership Shares (subject to the authorized share capital of Prairie Pasta being limited to, *inter alia*, 4,000 Membership Shares). The minimum amount must be raised by start of business, June 15, 2000 for the Offering to close.

13. All amounts received with respect to the subscription of the Notes will be held in an escrow account. The proceeds from the Notes for Members who live in Canada (the "Note Proceeds") will be held by the Estevan Credit Union (the "Escrow Agent") which has agreed to act as the escrow agent for the Canadian

portion of the Offering. If the minimum subscription amount is not achieved the Escrow Agent will return the Note Proceeds to the subscribers with interest.

14. If the minimum subscription amount for the Notes is achieved, the Escrow Agent has agreed to hold the Note Proceeds for a period of time until approximately June 15, 2001 or such other earlier appropriate date as may be determined by the board of Prairie Pasta, but in no event later than June 15, 2001 (the "Termination Date"). The Escrow Agent will invest the Note Proceeds, in bonds and other instruments of Canadian federal and provincial governments and such other instruments having a comparable safety rating as determined by the Canadian Bond Rating Agency. The interest earned on the investments will be provided to Prairie Pasta first for the purposes of funding the costs of the Offering (estimated at \$61,875.00) and the costs to complete the business plan (estimated at \$210,000.00). On the Termination Date, the principal amount of the Note Proceeds will be repaid in full to the Member without interest.

15. The structure of this offering is meant to ensure that the Members will have their principal returned to them in any event, even if the business plan results in a negative recommendation or the board of directors elects not to proceed with the proposed acquisition of processing facilities. Prairie Pasta also believes that by structuring the Offering this way, it will be better able to assess the level of interest and commitment of Members to Prairie Pasta and its proposed plan.

16. Similar escrow arrangements are in place for the United States portion of the Offering.

17. Prairie Pasta will be conducting meetings (the "Organizational Meetings") with the durum producers at which time they will be discussing the project and determining whether the producers wish to become members of Prairie Pasta. The Organizational Meetings will occur in each of Manitoba, Saskatchewan, North Dakota and Montana. Each meeting would be advertised in advance and would be attended by not fewer than two directors of Prairie Pasta and a representative of Prairie Pasta's consultant.

18. No commissions will be paid in connection with the solicitation of contributions.

19. The minimum net proceeds of the Offering if the minimum is reached and the Offering closes would be \$5,000,000.00. The estimated cost of effecting the Offering, \$61,875.00, will be funded directly from the first interest earned on the funds raised so that Members will have returned to them the full amount of the Notes subscribed for on the termination date. If the minimum offering is not achieved, Prairie Pasta will be solely responsible for the costs of the Offering.

20. An offering memorandum substantially in compliance with the requirements of Form 26 to the *Securities Regulations* will be used for the Offering (the "Offering Memorandum").

21. As Prairie Pasta is an extra-provincial co-operative, it is not considered to be a co-operative for the purposes of the Act or for the purposes of *The Cooperatives Act* (Manitoba). None of the exemptions available to co-operatives under the Act or Commission Order No. 2526, dated June 10, 1999 are available in connection with the Offering or any organizational meeting.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant this Order.

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, the issuance of Membership Shares, Notes and Rights pursuant to the Offering, shall be exempt from sections 6 and 37 of the Act, subject to the following conditions:

(a) the Offering of the Membership Shares, Notes and Rights is conducted through the use of, and in accordance with the terms of, the Offering Memorandum;

(b) the Offering Memorandum must include the following statement in text that is the larger of i) the text in the remainder of the offering statement, or (ii) at least as large as 10 point modern type;

This offering is being made in reliance on an order exempting the offering from the requirements of *The Securities Act* (Manitoba). The Manitoba Securities Commission has not in any way passed upon the merits of the securities offered and has not reviewed this document. Investors do not have the rights and protections provided in *The Securities Act* (Manitoba).

(c) The Offering Memorandum shall be provided to staff 10 days prior to its use. Staff shall have 10 days from receipt of the Offering Memorandum to object to its use;

(d) Membership Shares shall be issued only to persons that, at the time of the commencement of the Offering, are in a position to derive a benefit from the proposed operations of Prairie Pasta separate and apart from any benefit arising from Ownership of a membership or security of Prairie Pasta;

(e) a person that is prohibited or restricted from trading in securities (as defined in the Act) pursuant to an order of the Commission shall be prohibited from acting as a promoter of an offering;

(f) The Offering shall be completed by June 15 2000 or such other later date as the Director may consent to in writing;

(g) No sales or commissions are paid directly or indirectly with respect to trades in securities of the Prairie Pasta except for reasonable and actual costs incurred by individuals permitted to trade securities pursuant to the order;

(h) Prairie Pasta shall immediately inform the Director in writing in the event it fails to comply with this order;

(i) The Membership Shares may only be sold or transferred in accordance with the Articles of Association and By-laws of Prairie Pasta.

2. THAT, pursuant to subsection 20(1) of the Act, Prairie Pasta, its Directors, Officers and Agents shall be exempt from sections 6 and 37 of the Act with respect to the advertising and conducting of Organizational Meetings, subject to the following conditions:

(a) advertising of the Organizational Meeting will be of an informational nature only and will be directed to persons eligible to purchase a security under the Offering;

(b) That any and all forms of advertisements to be used to promote the Offering be filed with the Commission a minimum of 10 days before publication along with a list of locations where the advertisement will be placed;

(c) Commission staff shall be notified a minimum of 10 days before any Informational Meeting advising as to the time, date and place of the meeting.

3. THAT the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION

Director – Legal