

THE SECURITIES ACT)	Order No. 3657
)	
Sections 20 & 95(2)(c))	January 16, 2002

THE PURATONE CORPORATION

WHEREAS:

(A) The Puratone Corporation ("Applicant") has applied to The Manitoba Securities Commission ("Commission") for an order under subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") exempting the Applicant and its shareholders ("Shareholders") and others from certain requirements of the Act in connection with certain trades in Class I Common Shares, Class II Common Shares, Class III Common Shares, Class IV Common Shares, Class A Preference Shares, Class B Preference Shares, Class C Preference Shares and Class D Preference Shares ("Shares") of the Applicant made in accordance with the unanimous shareholder agreement ("Unanimous Shareholder Agreement"), of the Applicant, dated June 17, 1999 as amended, as follows:

1. from the registration and, where applicable, the prospectus requirements imposed by Sections 6 and 37 of the Act for trades in Shares by the Applicant and Shareholders made in accordance with the Unanimous Shareholder Agreement as described below;
2. from the issuer bid requirements in sections 86, 87, 88, 89 and 91 of the Act for acquisitions of Shares by the Applicant from Shareholders made in accordance with the Unanimous Shareholder Agreement;
3. from the take-over bid requirements in sections 86 through 91 of the Act for acquisitions of Shares by Shareholders and Related Parties (as defined below) made in accordance with the Unanimous Shareholders Agreement.

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

1. The Applicant is a corporation created under the laws of the Province of Manitoba pursuant to Articles of Amalgamation dated October 1, 2000 (the "Articles"), with its registered office located in Winnipeg, Manitoba and its head office located in Niverville, Manitoba.
2. The Applicant is not a reporting issuer or equivalent under the securities legislation of any jurisdiction in Canada and the Shares are not listed for trading on any stock exchange.
3. The authorized capital of the Applicant consists of an unlimited number of Class I Common Shares, Class II Common Shares, Class III Common Shares,

Class IV Common Shares, Class A Preference Shares, Class B Preference Shares, Class C Preference Shares and Class D Preference Shares (shares of any one or more of the above classes of shares are referred to herein as the "Shares").

4. The Applicant is the successor by amalgamation (the "Amalgamation") to The Puratone Corporation (pre-amalgamation), Winkler Feed Service Ltd., Kalieda Pork Ltd., Post Road Ventures Inc., Prairie Grass Pork Ltd., Arborg Agri-Ventures Ltd., ASR Pigs Ltd, Bassano Feeds Ltd., Dauphin Pura Pork Ltd., Interlake Swine Breeders Ltd., Interlake Weanlings Ltd., Interlake Pura Pork Ltd., Marquette Feeders Ltd., Shelly's Hog Farm Ltd., Silver Rock Pork Ltd., Vita Select Genetics Ltd., Winkler Pura Pork Ltd., Puralean Pork Ventures Ltd. and Parsnip Investments Ltd (collectively, the "Predecessor Corporations"), each of which was a corporation incorporated or continued under the laws of the Province of Manitoba prior to the Amalgamation.

5. Prior to the Amalgamation, The Puratone Corporation (pre-amalgamation) and, to the knowledge of the Applicant, each of the other Predecessor Corporations qualified as a "private company" under the Act. As a result of the Amalgamation, the number of Shareholders of the Applicant increased to 138 (exclusive of employees and former employees of the Applicant or an affiliate of the Applicant) and, accordingly, the articles of the Applicant ceased to contain a provision restricting the number of Shareholders to not more than 50 (exclusive of employees and former employees of the Applicant or an affiliate). Consequently, since the completion of the Amalgamation, the Applicant no longer qualified as a "private company" under the Act.

6. The Applicant currently has a total of 189 shareholders. Of such Shareholders, some own more than one class of Shares and 139 or all but 50 are employees or former employees of the Applicant or an affiliate or one of the other Predecessor Corporations or an affiliate thereof.

7. Since the Amalgamation the Applicant has continued to operate as if it were a "private company" under the Act. For example, its articles contain a prohibition against inviting the public to subscribe for securities of the Applicant. Furthermore, pursuant to the amalgamation agreement made as of September 1, 2000 (the "Amalgamation Agreement") entered into amongst each of the Predecessor Corporations and approved by the shareholders thereof, the Applicant and its Shareholders are bound by the provisions of the unanimous shareholder agreement dated June 17, 1999, as amended from time to time, (the "Unanimous Shareholder Agreement") originally entered into between and amongst The Puratone Corporation (pre-amalgamation) and its shareholders when it was a "private company".

8. Persons who acquire Shares are required to enter into the Unanimous Shareholder Agreement which will restrict their ability to deal with the Shares so acquired in a manner similar to restrictions commonly found in shareholder

agreements of "private companies" and other closely held issuers. The Unanimous Shareholder Agreement permits certain trades ("USA Trades"), and in particular provides :

(a) for a Shareholder to transfer Shares to certain family members of the Shareholder or a corporation in respect of which the Shareholder or the prescribed family member of the Shareholder is the principal shareholder (in either case, a " Family Member") and permits trades between Ensis Growth Fund Inc. ("Ensis") and Ensis Investment Limited Partnership ("Ensis LP") (an "Ensis Trade") (Family Members, Ensis and Ensis LP are hereinafter referred to as "Related Parties" and trades to Related Parties are hereinafter referred to as "Related Trades");

(b) for a Shareholder, in certain circumstances, to offer to sell Shares to certain other Shareholders pursuant to rights of first refusal granted to those other shareholders. The Unanimous Shareholder Agreement also grants United Grain Growers Inc. ("UGG") a right to subscribe for additional Shares from treasury in order to maintain a ownership of a prescribed amount of the Shares (collectively "First Refusal Trades");

(c) for a Shareholder offering and transferring or selling Shares, with the consent of the directors, to one or more other Shareholders ("Other Shareholder Trades");

(d) starting June 21, 2002, in the event a bona fide offer (an "Outside Offer") is received for all of the Shares of the Applicant from a person who is not a Shareholder, is not "related" (as such term is defined in *The Income Tax Act* (Canada) and who deals at arms length with the Shareholders, Shareholders may become entitled to acquire Shares in the following circumstances (collectively "Carry Along Trades"):

(i) if UGG (with or without other Shareholders) (the "Acceptors") wishes to accept the Outside Offer and other Shareholders (the "Refusers") do not, then the Refusers have the right to acquire the Shares of the Acceptors on the same terms and conditions as the Outside Offer; and

(ii) if Shareholders other than UGG holding at least 51% of the Shares other than Shares held by UGG wish to accept the Outside Offer and UGG does not, then UGG has the right to acquire the Shares held

by all of the Shareholders on the same terms and conditions as the Outside Offer; and

(e) a Shareholder is granted the right to require the Applicant to purchase Shares held by the Shareholder in certain circumstances and requires a Shareholder to sell Shares to the Applicant pursuant to a right of first refusal of the Applicant in certain circumstances (the "Issuer Bid Trades").

9. Acquisition of Shares by a Shareholder or a Related Party pursuant to a USA Trade, in circumstances where the purchasing Shareholder, after the acquisition of such Shares, will hold 20% or more of the outstanding Shares of any class, will constitute a "take-over" bid under the Act.

10. The Shareholders, the Applicant and the directors, officers and employees of the Applicant may, from time to time, do various things in order to assist Shareholders and facilitate trades made in accordance with the Unanimous Shareholder Agreement, such as providing consents or giving notice of intentions to sell, etc. The Applicant and its directors, officers and employees may also, from time to time, refer Shareholders who express a desire to sell their Shares to potential purchasers who have expressed a desire to purchase Shares.

11. The USA Trades, since they no longer constitute trades in shares of a "private company", must comply with the registration and, if applicable, the prospectus requirements of the Act, unless exempt from such requirements pursuant to an available statutory exemption or a discretionary order granted by the Commission. There are limited statutory exemptions available for such trades, and it is impractical for the registration and, where applicable, the prospectus requirements of the Act to be complied with.

12. Offers to acquire or acquisitions of Shares by the Applicant must comply with the issuer bid requirements and, in certain cases, offers to acquire Shares made by certain Shareholders and Related Parties must comply with the take-over bid requirements of the Act, unless exempt from such requirements pursuant to an available statutory exemption or a discretionary order granted by the Commission. There are limited statutory exemptions available for such acquisitions.

(C) AND WHEREAS the Commission is satisfied in the circumstances of this particular case 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, USA Trades made by the Applicant and Shareholders, and any acts in furtherance of trades made in accordance with the Unanimous Shareholder Agreement, performed by the Applicant and officers, directors or employees of the

Applicant, are exempt from the registration and, where applicable, prospectus requirements of sections 6 and 37 of the Act.

2. THAT, pursuant to subsection 95(2)(c) of the Act, acquisitions of Shares by the Applicant in connection with the USA Trades, are exempt from the issuer bid requirements imposed by sections 86, 87, 88, 89 and 91 of the Act;

3. THAT, pursuant to subsection 95(2)(c) of the Act, acquisitions of Shares by Shareholders and Related Parties in connection with the USA Trades are exempt from the take-over bid requirements of sections 86 through 91 of the Act.

4. THAT the fee for this order shall be \$1550.00.

BY ORDER OF THE COMMISSION.

Deputy Director – Legal