

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, SASKATCHEWAN AND MANITOBA

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
QUALITY ASSURED SEEDS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Alberta, Saskatchewan and Manitoba (the "Jurisdictions") has received an application from Quality Assured Seeds Inc. ("Quality") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply to the proposed trade by Quality of Class B Shares of Quality (the "Class B Shares") at the purchase price of \$12,000.00 per share to certain persons or companies as described below;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications ("the System"), the Saskatchewan Securities Commission is the principal regulator for this application;

AND WHEREAS Quality has represented to the Decision Makers that:

1. Quality resulted from the amalgamation of Value Added Seeds Ltd., Performance Seeds Canada Ltd. and Quality Assured Seeds Inc. on February 7, 2001 (the "Amalgamation"), pursuant to the laws of Canada, is registered extra-provincially in Alberta, Saskatchewan and Manitoba, is not a reporting issuer or equivalent in the Jurisdictions and has its head office in Saskatchewan;
2. Quality is authorized to issue unlimited numbers of the Class A Shares (the "Class A Shares"), Class B Shares, the Class C Shares (the "Class C Shares"), the Class D Shares (the "Class D Shares") and the Class E Shares (the "Class E Shares"), of which, as at February 1, 2002, 142 Class A Shares, no Class B Shares, 572.582 Class C Shares, 512.967 Class D Shares, and 270 Class E Shares are issued and outstanding;
3. The Class A Shares are held as follows:

- a. 30 by persons or companies resident in Alberta,
  - b. 71 by persons or companies resident in Saskatchewan, and
  - c. 41 by persons or companies resident in Manitoba;
4. The Class C, D, and E Shares will only be held by the holders of Class A Shares or Class B Shares;
5. None of the securities of Quality are listed or posted for trading on any exchange or over-the-counter market;
6. Quality was created by pedigreed, select or probationary select seed growers ("Seed Growers") to provide a mechanism by which Seed Growers in western Canada are able to provide quality agricultural products and services to their customers;
7. Seed Growers are persons or companies approved as pedigreed, select or probationary select seed growers by the Canadian Seeds Growers' Association in accordance with its Regulations and Procedures for Pedigreed Seed Crop Production, Circular 6-94, under the authority of *The Seeds Act* (Canada) and regulations thereto, as may be amended from time to time;
8. Quality is a vehicle by which its shareholders are provided with:
- a. Education respecting the production, marketing, and distribution of new and improved varieties of hybrid, pedigreed, select and other grades of seed to be grown in various soil types and regions of western Canada;
  - b. A supply of new and improved varieties of hybrid, pedigreed, select and other grades of seed; and
  - c. Assistance in the marketing and distribution of new and improved varieties of hybrid, pedigreed, select and other grades of seeds developed by its shareholders to the general agricultural grower of plant crops in various soil types and regions particularly in western Canada;
9. Quality may:
- a. Buy, sell and otherwise deal in, either as principal or agent, and either at wholesale or retail prices, seeds, grains, cereals and other related agricultural products and educate its shareholders in the growth, production and marketing of new and improved varieties and hybrids of seeds, grains, cereals and other agricultural products which may be manufactured or produced from or in conjunction with such new and improved varieties of seeds, grains, cereals and other related agricultural products;

b. Own, lease or operate facilities for the storage, distribution and marketing of new and improved varieties and hybrids of seeds, grains, cereals and other agricultural products which may be manufactured or produced from or in conjunction with such new and improved varieties of seeds, grains, cereals and other related agricultural products; and

c. Research, promote, develop, market and register new and varying strains, breeds and hybrids of various plants for development, analysis and further promotion of new and improved hybrids of seeds, grains, cereals and other related agricultural products for the education, production, marketing and distribution to the general agricultural grower of plant crops by both Quality and its shareholders with particular emphasis on the various soil types and regions of western Canada;

and will restrict itself to these activities and the activities described in paragraph 8 above (the "Activities");

10. The Articles on Amalgamation as amended provide that shares of Quality can only be issued or transferred :

a. To persons or companies who:

i. are a Seed Grower;

ii. own or have access to a processing plant which is designated as an authorized or registered establishment by Agriculture and Agrifood Canada;

iii. in the opinion of the Board of Directors of Quality, have a focus on the retail or wholesale trade of, or is producing crops that broaden Quality's role in the development of, new and improved varieties of hybrid, pedigreed, select and other grades of seeds;

iv. in the opinion of the Board of Directors of Quality, have a high degree of integrity and business ethics and enhance the reputation of Quality as a superior quality supplier of products and service; and

v. have been approved by the Board of Directors of Quality;

b. To a self-directed registered retirement savings plan of a shareholder of Quality or his or her spouse;

c. From a self-directed registered retirement savings plan of a shareholder of Quality or his or her spouse to the shareholder or his or her spouse; or

d. To Quality;

(the persons or companies in subparagraphs 10.a. and 10.b. above are herein referred to as "Eligible Purchasers") and all current shareholders of Quality meet these criteria;

11. All current shareholders of Quality hold one Class A Share as a result of the Amalgamation and all new shareholders of Quality will hold only one Class B Share;

12. The Class A Shares and the Class B Shares are both common voting shares with similar rights attaching to them;

13. Quality would like to expand its geographic representation throughout western Canada by issuing Class B Shares to Eligible Purchasers;

14. It is expected that there are approximately 60 additional persons or companies in western Canada who would currently qualify as Eligible Purchasers;

15. All Eligible Purchasers will receive prior to or contemporaneously with the trade of Class B Shares to them a copy of the Certificate and Articles of Amalgamation of Quality as amended, the By-Laws of Quality as amended, this Decision, a summary of the criteria for an Eligible Purchaser and the most recent annual financial statements of Quality (collectively, the "Disclosure Materials"); and

16. Quality will send annual financial statements to its shareholders;

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Registration and Prospectus Requirements shall not apply to the proposed trade by Quality of Class B Shares at the purchase price of \$12,000.00 per share to Eligible Purchasers who are not already shareholders of Quality provided that:

1. Each such Eligible Purchaser beneficially purchases only one Class B Share; and

2. The first trade of shares acquired pursuant to this Decision in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction unless the conditions of subsection (2) or (3) of section 2.5 of Multilateral Instrument 45-102 Resale of Securities are satisfied or unless such trade is:

a. To Quality;

b. To a self-directed registered retirement savings plan of the shareholder or his or her spouse;

c. From a self-directed registered retirement savings plan of the shareholder or his or her spouse to the shareholder or his or her spouse; or

d. To an Eligible Purchaser who is not a shareholder of Quality provided such purchaser has received a copy of the Disclosure Materials and has been approved by Quality's Board of Directors.

DATED March 6, 2002.

*"Barbara Shourounis"*

Barbara Shourounis

Director