

9. in order to commence and maintain operations, Winnport requires additional investment capital and, in this regard, Winnport has received commitments from its significant shareholders, the Crocus Investment Fund, Kleysen Transport Ltd., George T. Richardson and Kamarin Investments;

10. in order to provide all its shareholders with an opportunity to invest, Winnport wishes to conduct a Rights Offering to its shareholders in reliance on the prospectus and registration exemptions contained in sections 19(1)(i) and 58(1)(b) of the Act. The Rights Offering will provide each Manitoba shareholder of Winnport with the opportunity to purchase up to 35 common shares of Winnport for every common share of Winnport currently held. The subscription price per share will be \$50.00 per common share;

11. rights offered pursuant to the Rights Offering will be non-transferable except to parties who are not at "arms length" within the meaning of the *Income Tax Act*, to the shareholder to which the right was originally issued

12. In conducting the Rights Offering Winnport will comply with the requirements of UAP 2.05 with the exception of the requirement to provide its latest audited consolidated financial statements of Winnport to its shareholders;

13. as a result of KFIAC's poor financial situation and due to the requirements that the financial statements of KFIAC be consolidated with those of Winnport's, the auditor of Winnport, Ernst & Young LLP, has indicated that it will be very difficult to prepare an audit report on the Winnport consolidated financial statements;

14. Winnport has prepared and provided to its shareholders unaudited consolidated financial statements for the year ended March 31, 2000;

15. as a result of the difficulty involved in preparing audited financial statements, and as a result of the knowledge and investment experience of the shareholders of Winnport, Winnport has applied to the Commission to issue an order exempting Winnport from the requirement contained in UAP 2.05 to provide audited financial statements to its shareholders as part of the Rights Offering, subject to certain terms and conditions.

(C) In the opinion of the Commission it would not be prejudicial to the public interest to grant the order request.

IT IS ORDERED:

1. THAT, pursuant to Section 20 of the Act, UAP 2.05 shall not apply to the Rights Offering subject to the following conditions:

(a) each shareholder of Winnport receiving the Rights Offering receives a copy of this order;

(b) Winnport provides disclosure to its shareholders as part of the Rights Offering document that audited consolidated financial statements are not being provided, the reasons for the granting of this order and why they cannot be prepared, and the effect of not providing those statements; and

(c) Winnport in all other respects comply with the requirements of UAP 2.05 and subsection 19(1)(i) of the Act.

2. THAT, that the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION:

Director – Legal