THE SECURITIES ACT)	Order No. 3026
)	
Section 20)	August 16, 2000

WINNPORT LOGISTICS LTD.

WHEREAS:

(A) Winnport Logistics Ltd. ("Winnport") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to Section 20 of *The Securities Act* (Manitoba) (the "Act") that, subject to certain conditions, Winnport be exempted from the requirement contained in Uniform Act Policy 2.05 ("UAP 2.05") to provide audited consolidated financial statements as part of a rights offering (the "Rights Offering") to be made by Winnport to its shareholders;

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

1. Winnport was incorporated in 1994 under the Canada Business Corporations Act;

2. Winnport's business goal has been to establish Winnipeg as air cargo transportation hub;

3. in order to finance its business operations, Winnport has raised approximately \$8,800,000.00 through a series of exempt offerings, private placements and rights offerings;

4. Winnport currently has approximately 38 shareholders, most of which are corporate shareholders who have a knowledge of and an interest in the financial well being of the Manitoba economy and, in particular, the Manitoba transportation industry;

5. in 1998, a subsidiary of Winnport, Kelowna Flightcraft International Air Cargo Ltd., ("KFIAC") was awarded a licence by the Government of Canada to fly air cargo to and from China;

6. in the Fall of 1998 KFIAC commenced operations to fly air cargo to and from China;

7. in late December of 1998, KFIAC ceased its air cargo operations as a result of its suffering significant losses arising, in a large part, as a result of the ailing Asian economy;

8. since ceasing its air operations, Winnport and KFIAC have worked to recommence their operations;

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