



THE COOPERATIVES ACT/
LOI SUR LES COOPÉRATIVES

RECEIPT/REÇU

Issued this/Delivré le

day of

Registrar/Registraire

THIS OFFERING STATEMENT CONSTITUTES AN OFFERING OF THESE SECURITIES IN THE PROVINCE OF MANITOBA ONLY AND ONLY BY THOSE PERSONS PERMITTED TO SELL SUCH SECURITIES./CETTE DÉCLARATION D'OFFRE REPRÉSENTE UNE OFFRE D'ÉMISSION DES VALEURS MOBILIÈRES SEULEMENT DANS LA PROVINCE DU MANITOBA ET SEULEMENT PAR LES PERSONNES QUI ONT L'AUTORISATION DE VENDRE DE TELLES VALEURS MOBILIÈRES.

THE REGISTRAR OR ANY SECURITIES COMMISSION OR SIMILAR AUTHORITY IN MANITOBA OR CANADA HAS NOT IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES DESCRIBED HEREIN./LE REGISTRAIRE ET TOUTES COMMISSIONS DES VALEURS MOBILIÈRES OU TOUTES AUTORITÉS SEMBLABLES AU MANITOBA OU AU CANADA N'ONT AUCUNEMENT PORTÉ JUGEMENT SUR LES MÉRITES DES VALEURS MOBILIÈRES DÉCRITES CI-DESSOUS.

THE COOPERATIVES ACT/
LOI SUR LES COOPÉRATIVES

OFFERING STATEMENT/DÉCLARATION D'OFFRE

1.01 Name of the Cooperative/Dénomination sociale de la coopérative

1.02 Address of Registered Office/Adresse du siège social

1.03 Address of Executive Offices if Different from the Registered Office/Adresse du bureau de la direction si différente du siège social.

1.04 Securities Offered for Sale/Valeurs mobilières qui peuvent être vendues

NOTE: The securities described for sale in this offering statement are available only to the members of the cooperative./Veuillez noter que les valeurs mobilières qui peuvent être vendues selon cette déclaration d'offre ne sont disponibles qu'aux membres de la coopérative.

ADDITIONAL INFORMATION REQUIREMENTS AND INSTRUCTIONS

2.01 Table of Contents

Provide listing of the sections and corresponding page numbers.

2.02. Definitions

Provide a definition of words or terms included in the offering statement the meaning of which may not be obvious to the reader. The Act may be used as a reference for defining some of the words or terms.

3.01 Origination and Status

State the date of incorporation of the cooperative. Also provide a brief history of the Cooperative including any restructuring (amalgamations, arrangements, etc.) that may have occurred in the past.

Include a statement to the effect that the Cooperative is a corporation to which The Cooperatives Act applies. State the purpose, aims, and objectives of the Cooperative.

3.02 Ownership & Control

Include a statement that the Cooperative is owned and controlled by the members of the Cooperative and that each member has one vote on any decisions which, in accordance with the Act, must be made by the members. Also, include the membership qualifications and any restrictions on membership. It must include the current number of members in the Cooperative and must state that the members elect the board of directors and that the directors manage the business and affairs of the Cooperative. Include any restrictions on who can be a director of the Cooperative.

If the cooperative is a subsidiary of another cooperative, provide the name of the parent cooperative, the business it is in and information on any other subsidiaries of the parent cooperative.

3.03 Business of the Cooperative

Industry Profile

- *Describe the industry in which the cooperative sells or expects to sell its product or services, and, where applicable, any recognized trends within that industry.*
- *Discuss the competitive environment*
- *Name the principal competitors that the cooperative expects to have in its area of competition. Indicate the relative size and financial and market strengths of the cooperative's competitors if known.*
- *State why the cooperative believes that it can effectively compete with these and other companies.*
- *Disclose any restrictions on the business the cooperative may carry on that are contained in the Articles of Incorporation.*
- *You may choose to omit certain information which may result in a competitive disadvantage. If you decide to do this, you must include a statement to that effect and this must also be disclosed in the "Risk Factor" section.*

Economic Dependence

- *Disclose the facts if a significant portion of the cooperative's business is with one customer or supplier and how the cooperative would be affected by the discontinuance of this business.*

Marketing

- *Describe the market for the cooperative's product or services and how the cooperative intends to attract and*
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serve this trading area.

- How much of this market does the cooperative have to capture to be viable.
- If the cooperative has undertaken a market study, describe the highlights of the study. You may choose not to disclose this information for competitive reasons. If you decide to do this, you must include a statement to that effect and this must also be disclosed in the “Risk Factor” section.

Authorizations, Licences & Permits

- Disclose any essential authorizations, licences or permits that the cooperative must acquire or retain in order to continue operating.
- Disclose if there are ongoing tests the cooperative must pass in order to retain a licence and that there is a possibility that the cooperative will not pass these tests.
- Disclose if the cooperative does not have the expertise to acquire a licence or if there is a risk that it will no longer be complying with requirements because regulations are changing.

Environmental Compliance

- Disclose any environmental regulation that the cooperative must comply with. The “Insurance” section below should indicate if the cooperative is insured against environmental liability.

Real Estate

- Indicate in general terms the sort of real estate that the cooperative has or intends to acquire in the immediate future, the price range of such acquisitions and the sources of financing it expects to use in obtaining these properties, whether by purchase, lease or otherwise. See “Material Contracts”.
- If the cooperative has branch offices or places of business, indicate the location of each.

Insurance

- Describe the insurance policies that the cooperative holds or must hold in order to protect its assets and to protect against potential liabilities.

Employee Contracts

- Indicate whether any of the cooperative’s employees are subject to collective bargaining agreements or if it is anticipating this may happen. Also provide the expiration dates of the bargaining agreements. This should also appear as a risk factor if deemed to be a risk.

Business Plan

- Summarize the material portions of the cooperative’s current business plan that are not disclosed elsewhere in the offering statement. If for competitive reasons you choose not to disclose this information, you must include a statement to that effect and this must also be disclosed in the “Risk Factor” section.

3.04 Subsidiaries and Affiliations of the Cooperative

Provide the names of any subsidiaries, the business of the subsidiaries, the percent of the cooperative’s business done through subsidiaries, and the ownership structure of the subsidiaries.

Also, if the cooperative owns a major portion of any other business, provide information on that business.

Disclose any memberships in other cooperatives and in any associations if there are material benefits from or liabilities or responsibilities because of such memberships.

4.01 Directors/Officers of the Cooperative

Provide a listing of the names of the current directors, description of office of each director, address of each director (state full residence address including street, number, city or municipality, postal code and land description where applicable – P.O. box number alone is not acceptable) and the principal occupation of each director.

Also provide a summary of the responsibilities of the board of directors, the responsibilities of the officer positions, the number of directors authorized by the articles or by-laws of the Cooperative and a brief profile of each director

including the number of years the director has served on the board and, where applicable, as an officer.

If the board does not have relevant experience in the type of business the cooperative is in, include the following statement.

“The Board of Directors of the cooperative has no previous experience in this type of business.”

4.02 Senior Management of the Cooperative

List the senior managers of the Cooperative and their titles, their areas of responsibility and provide a brief profile of each senior manager including length of service.

Disclose if senior management is not in place and disclose how and when these positions will be filled.

4.03 Remuneration and Expenses of Directors and Senior Managers

Indicate the aggregate amount of fees paid to the directors and the aggregate amount of expenses incurred by the directors in the last fiscal year of the cooperative. Indicate the aggregate amount of salaries and benefits paid to senior management and the aggregate amount of expenses incurred by senior management in the last fiscal year of the Cooperative.

4.04 Material interest of any director, officer, or employee in the operation of the cooperative.

Summarize any disclosure of a material interest in a contract with the cooperative that any director, officer or employee of the cooperative has made to the cooperative under the Act, Regulations or by-laws of the cooperative. Include all contracts that have been disclosed to the cooperative under section 207 of The Cooperatives Act.

- *The determination whether the interest of a director, officer or employee is material is a question of fact. Generally, any arrangement whereby purchases from the cooperative or sales to the cooperative by any of the persons mentioned above constitutes more than 10% of the cooperative's total purchases or total sales, as the case may be, in any given fiscal period will constitute a material interest. Similarly if an interested person holds the mortgage on any property held by the cooperative that will also constitute a material interest.*
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4.05 Material interest of any director, officer or employee in the securities offering.

State any interest that a director, officer or employee of the cooperative has in the securities offering, including any commission or discount to be received in connection with the securities offering.

5.01 Description of Securities to be Issued and Offered for Sale

Include a full description of the securities being offered including:

- *The type of securities.*
 - *The number of shares authorized to be issued or a statement that the number is unlimited or the total*
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value of debt instruments.

- *The issue price (investment shares), par value (membership shares) or face value (debt instruments)*
- *The minimum initial subscription if applicable.*
- *The redemption rights, if any.*
- *Whether the offering of securities is a continuous offering or limited to specific dates.*
- *If the shares are membership shares, a statement of the minimum number of shares that each member must own.*
- *The maximum number of shares that may be held by any one member*
- *Voting privileges attached to the shares.*
- *A statement that in accordance with the Act and its by-laws, the cooperative is not required to issue share certificates for membership shares or certificates in respect of member loans of the cooperative but must provide a statement to the shareholder showing the interest of the shareholder in the cooperative. If the owner of any security of the cooperative, other than a membership share or member loan, requests, in writing, the cooperative must issue a certificate for the security.*
- *The dividend or interest policy pertaining to the share or debt offering including the rate (if applicable) and the priority of the dividends or interest over dividends and interest of other shares and debt instruments.*
- *A statement (if applicable) that dividends on the shares will be applied towards the purchase of additional shares on behalf of the member.*
- *The tax implications on the dividends paid on the shares or the interest paid on debt instruments.*

If the cooperative is a new generation cooperative, include a statement that the amount of business done with the cooperative will depend on the number of shares purchased

5.02 Use of the Proceeds

Provide full details as to how the proceeds of the securities being offered will be used in the operations of the cooperative.

5.03 Holding of the Proceeds

Describe the manner in which the proceeds from the securities offering will be held in those circumstances where a decision will be required as to whether or not to proceed with the purpose for which the securities offering is intended.

State when and how the proceeds from the securities will be returned to the subscribers if the decision is not to proceed with the intended purpose.

5.04 Distribution of the Securities

Describe the manner in which the securities will be distributed to purchasers, including how the securities will be distributed if more than the total number of securities to be issued is subscribed for.

5.05 Commissions Payable or Discounts Allowable

Specify who is authorized by the cooperative to sell the securities being offered and the details of commissions payable, if any. Also, include details on any discounts.

5.06 Risk Factors

Clearly identify all the risk factors associated with the securities offering including but not limited to:

- *The speculative nature of the securities offering.*
 - *Restrictions on redemption of the shares or repayment of the debt obligations. (See section 66 of The Cooperatives Act.)*
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- *Limitations on dividends or interest, whether in the articles or by-laws of the cooperative or in section 7 of the Cooperatives Regulation.*
 - *That there is no market for the securities being offered.*
 - **SAMPLE.** *There is no market through which the securities may be sold and the purchaser may not be able to sell the securities. The directors of the cooperative have determined the price of these securities.*
 - *That an investment in the securities offering may not be suitable for all persons.*
 - **SAMPLE** *Purchases of the securities offered herein should be considered long term investments, which may not be suitable for investors who may need to sell their securities quickly in order to raise money. Investors who require regular returns from their investments should seriously consider whether or not to purchase the security offered herein.*
 - *That there is no certainty that the cooperative will be profitable and able to pay patronage returns or regular dividends on shares of the cooperative. In addition there can be no assurance that the cooperative will be able to meet the solvency tests mandated by The Cooperatives Act when a request is made by a holder to redeem shares or when a membership ceases. As such, there can be no assurance that the cooperative will be able to redeem shares when so requested or when membership ceases.*
 - *That the investor should seek independent advice as to the advisability of investing in the securities offering.*
 - *That the investor should not rely on any information other than what is contained in the Offering Statement.*
 - *That the investor will be relying on the business judgement, expertise, and integrity of the board and management of the cooperative.*
 - *Other Risk Factors. Where appropriate include the following statement (the points may vary depending upon the cooperative's business).*

The cooperative may also be subject to other risk factors that could potentially affect its profitability and solvency. Some of these risk factors could include (but are not limited to the following)

 - *Failure to comply with governing statutes*
 - *Increased competition*
 - *Commodity prices*

While the Board of Directors does not view these risk factors as of immediate concern at this time, potential adverse changes in these areas may limit the cooperative's ability to pay dividends and redeem shares.
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6.01 Capital Structure of the Cooperative

If the Cooperative has authorized share capital, include a current listing of all classes of shares, the authorized number of shares, the issue price, the par value, the number of shares issued and the total amounts paid on each class of shares. Also, specify any dividend policies, priority ranking of each class of shares, redemption policies and restrictions, and the amount and class of shares that must be held by a member as a condition of membership.

If the Cooperative has other debt obligations such as debentures, bonds, notes, or member loans, provide details including the total amount of capital provided by the members and non-members and specify any policies on payment interest, and repayment. Indicate the amount of member loans that must be made by a member as a condition of membership.

Also identify which shares or debt obligations rank ahead of the securities being offered for payment of interest on dividends or payout on dissolution.

6.02 Patronage Returns Applied to Membership Shares or Member Loans

If applicable, this section must summarize the details included in the by-laws of the cooperative respecting either:

the purchase of additional membership shares on behalf of the members from the annual allocation of patronage refunds and must also include how and in what priority these shares resulting from patronage refunds will be purchased by the cooperative; or

the making of patronage loans from members of the Cooperative from the annual allocation of patronage refunds and must also include how and in what priority these loans resulting from patronage refunds will be repaid by the cooperative.

7.01 Restrictions on Transfers of Securities Issued by the Cooperative, if any

Include the restrictions included in the Articles of Incorporation.

8.01 Distribution of Surplus on Dissolution

Summarize the details included in the articles of the cooperative respecting the distribution of the surplus of the cooperative on liquidation and dissolution of the cooperative.

9.01 Description of any Mortgages, Loans and Other Liabilities Outstanding at the Date of the Offering Statement

List the details of all mortgages, loans and other liabilities including amounts outstanding, payment obligations and terms.

10.01 Description of any action, suit or other proceedings to which the cooperative is a party

List each action separately giving details such as parties involved, date of the action, amounts, if known and current status of the action.

11.01 Description of every material contract that the cooperative is a party to as of the date of the offering statement.

Provide a brief description of each contract including the names of the parties, the date and term of the contract, financial considerations and obligations of the cooperative.

- *The determination of whether a contract is material is a question of fact. However, contracts to supply or purchase goods which constitutes more than 10% of the cooperatives sales or purchases, as the case may be, in any given fiscal period will generally be material. In addition, contracts or agreements which impose an obligation on the cooperative which will extend for a period of more than five years will generally be material.*
 - *The confidentiality provisions of any material contract to be disclosed should be reviewed prior to disclosure. The prior consent of the other party to such contracts may be required.*
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12.01 *Statement of any other material facts not disclosed elsewhere in the offering statement.*

13.01 Financial Information and Auditors Reports

A comparative financial summary of the operations and financial position for at least the last three years immediately preceding the Offering Statement must be included. The information for the summary must be taken from the annual audited financial statements.

If the cooperative is a new incorporation, pro forma financial statements must be provided giving projections for a maximum of 2 years

- *The following statement should precede any pro forma statements or projections. "Forecast information in any*
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projections or pro forma financial statements contained in this Offering Statement may vary materially from actual results”.

The most recent financial statements and auditor’s report must be attached to the offering statement as Schedule 1. The financial statements must be signed by at least two directors of the cooperative evidencing approval by the directors. The consent of the auditor must be obtained before the auditor’s report is included in the offering statement.

The financial statements must be for the most recent fiscal year ended. If the most recent fiscal year ended more than 120 days before the date of the offering statement, financial statements for the period that began immediately after the year end and no more than 60 days before the date of the offering statement must also be included and clearly marked as “not audited”.

14.01 Other Supporting Documentation

List all other documents such as feasibility studies, projections and reports, which would provide additional background for consideration by the investor. Copies of the listed documents must be attached as schedules. The consent of the author of each document must be obtained before the document is included in the offering statement.

15.01 Subscription Procedure

- *State how interested persons are to subscribe for the securities being issued by the cooperative, including how and when payment is to be made for those securities. This section should also make reference to the subscription agreement which must be attached as part of the offering statement. If for competitive reasons you choose not to disclose any of this information, you must include a statement to that effect and this must also be disclosed in the “Risk Factor” section.*
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16.01 Contractual Rights Of Action

The offering statement should include contractual rights of action for purchasers of the securities that apply where there has been any misrepresentation in the offering statement. The following wording can be used.

For valuable consideration, the Co-operative and its directors hereby agree that every person who purchases a security (a “purchaser”) which is the subject of an offering statement or amending statement required to be sent to the Registrar pursuant to section 89 of The Cooperatives Act of Manitoba shall be entitled to the following contractual rights of action, in addition to and without derogation from any other right or remedy which purchasers might have at law:

A purchaser:

- will not be bound by a contract for the purchase of the security if the cooperative from whom the security was purchased or its agent receives written or telegraphic notice of the intention of the purchaser not to be bound not later than midnight of the second day, not including Saturdays and holidays, after the day the purchaser received the copy of the offering statement and amending statements, if any, required to be provided to the purchaser pursuant to section 91 of The Cooperatives Act of Manitoba; and*
- has the right to rescind a contract for the purchase of the security, while still the owner thereof, if the offering statement and any amending statement, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right may be commenced by a purchaser after the expiration of the later of one hundred eighty (180) days from the date of receipt of the offering statement or amending statement by the purchaser, or the date of the contract for the purchase of the security.*

In the event that the offering statement or amending statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, a purchaser also has a right of action for damages for any loss or damage that

the purchaser has sustained as a result of the purchase of the security against:

- (i) every person or company who signed the offering statement and amending statement; and*
- (ii) every director who, on the date on which the offering statement or amending statement was signed, was a director of the person or company who signed such offering statement or amending statement, unless it is proved:*
 - (A) that the offering statement or amending statement was delivered to prospective purchasers of the security without the director's knowledge or consent;*
 - (B) that, after the delivery of the offering statement or amending statement to the purchaser and before the purchase of the security by the purchaser, on becoming aware of any false statement in the offering statement or amending statement, the director withdrew his or her consent to the delivery of the offering statement or amending statement to prospective purchasers and gave reasonable public notice of such withdrawal and of the reason therefor;*
 - (C) that, with respect to every false statement, the director has reasonable grounds to believe and did believe that the statement was true;*
 - (D) that where a false statement was that of an expert, the director has no reasonable grounds to believe that the expert who made the statement in the offering statement or amending statement or whose report or valuation was produced or fairly summarized therein was not competent to make such statement, valuation or report; or*
 - (E) that, with respect to every false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document;*

but no action to enforce these rights of action for damages against signatories of an offering statement or amending statement or their directors may be commenced by a purchaser after the expiration of the later of one (1) year from the date of receipt of the offering statement or amending statement by the purchaser or the date of the contract for the purchase of the security.

17.01 Declaration

Include the following statement:

The foregoing constitutes full, true and plain disclosure of all material facts relating to the proposed securities offering as required by the Act and Regulations.

18.01

Date:

Dated at _____ this _____ day of 19_____.

19.01 Signatures of all Directors (Enter information on page 10)

List all the directors serving at the date of the offering statement.

20.01 General Instructions

All items must be described in a factual manner. A receipt will not be issued if the description is promotional rather than factual.

All relevant facts must be included. If any statement could be misleading if other facts are not included, those other facts must be included.

All type must be of a reasonable size. No receipt will be issued if small type or an inappropriate typeface have been used to make part of the offering statement hard to read.

(19.01) Signatures of all Directors

List all the directors serving at the date of the offering statement.

Name(s)

Signature(s)