In accordance with the Manitoba Environment Act (C.C.S.M. c. E125)

THIS LICENCE IS ISSUED TO:

MCCAIN FOODS LIMITED: “the Licencee”

STAGE 1 LICENCE

for the construction only of the Development being an expansion to the existing potato processing plant, located on Lot 1 on Ninth Avenue in the Industrial Park in the City of Portage la Prairie and the installation of equipment therein in accordance with the Proposal filed under The Environment Act on March 21, 1996, and the letter of indication dated May 10, 1996, and subject to the following specifications, limits, terms and conditions:

GENERAL TERMS AND CONDITIONS

1. The Licencee shall implement good housekeeping and operational practices with respect to the Development, at all times.

2. The Licencee shall undertake all construction activities such that a minimum disturbance is created in adjacent residential areas.

3. The Licencee shall reduce the production and dissemination of wastes by initiating and maintaining waste reduction and waste recycling programs.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

4. The Licencee is hereby authorized to undertake the following activities at the Development:

i) construct an addition to the existing potato processing structure;
ii) install an additional potato processing line within this structure;
iii) install pollution control equipment including the relocation and reorientation of roof-top equipment;
iv) construct a new boiler room;
v) install a starch recovery system in the waste water treatment line;
vi) install and connect water, sanitary sewer, electrical and other services as needed to the structures and equipment therein;

vii) decommission and construct petroleum product storage tanks in accordance with applicable Regulations;
viii) construct 2 aboveground cooking oil storage tanks, with secondary containment;
ix) remove from service the existing waste water primary clarifier when authorized by written approval of the Director;
x) construct a noise-attenuating berm at the north side of the Development;
xi) construct roadways and vehicle use areas within the Development;
xii) construct a new waste water primary clarifier and sludge handling system; and
xiii) construct an odour control system for the clarifier and sludge handling system.

5. The Licencee shall, as deemed necessary by the Director in the ongoing assessment of the alteration, provide information to the Director in writing in such form (including number of copies), and of such content, as may be required by the Director.

6. The Licencee shall submit, for the Director’s approval and not later than September 1, 1996, or at such later date as may be approved in advance by the Director, a financial assurance plan, outlining the financial assurances mechanisms and the dollar amount the Licencee proposes respecting an industrial wastewater pretreatment system. Subsequent to the approval of the financial assurance plan, the Licencee may submit, to the Director for approval, proposed amendments to the plan. The Licencee shall implement any amendments approved by the Director in a manner and within the time frames specified by the Director.

7. The Licencee shall comply with all requirements of The Dangerous Goods Handling And Transportation Act and The Environment Act and their associated Regulations including the Storage and Handling of Gasoline and Associated Products Regulation.

8. The Licencee shall carry out any remedial measures or modifications to the construction works authorized under this Licence which may be deemed necessary by the Director to ensure effective environmental management or for any other reason pertaining to the safety of the construction in this Licence and in any subsequent stage in the licensing of the Development. Such remedial measures or modifications shall be undertaken within a time frame to be specified by the Director, and in a manner to be approved by the Director.

**REVIEW AND REVOCATION**

A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
B. If the development has not commenced construction within three years of the date of this Licence, the Licence is revoked.

C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 10 of The Environment Act.

File No: 1713.30