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

THIS LICENCE IS ISSUED TO:

MCCAIN FOODS LIMITED; "the Licencsee"

STAGE 2 LICENCE

for the construction and operation 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, testing and commissioning of equipment therein, in accordance with the Proposals filed under The Environment Act on March 21, 1996, and the subsequent submission dated December 16, 1996, and subject to the following specifications, limits, terms and conditions:

GENERAL TERMS AND CONDITIONS

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

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

3. The Licencsee 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 Licencsee is hereby authorized to undertake the following activities related to the testing and commissioning of new works as proposed and related to the expanded works at the Development; for the period of December 16, 1996, to December 23, 1996:

   i) operation of processing equipment shall not exceed four separate test runs;

   ii) any test run shall not exceed eight hours duration;

   iii) test run production rate shall not exceed 7.5 tonnes per hour finished product;

   iv) test run products shall not be packaged for sale; and

   v) effluent quality shall be controlled to minimize the impact on the municipal sewage treatment system.
McCain Foods Limited
Licence No. 2174 S2
Page 2 of 2

5. The Licencee is hereby authorized to undertake the following activities related to the testing and commissioning of new works as proposed and related to the expanded production at the Development, for the period of December 24, 1996, to January 1, 1997:
   i) operation of processing equipment shall not exceed two separate test runs;
   ii) any test run shall not exceed eight hours duration;
   iii) test run production rate shall not exceed 15 tonnes per hour finished product;
   iv) test run products shall not be packaged for sale; and
   v) effluent quality shall be controlled to minimize the impact on the municipal sewage treatment system.

6. The Licencee shall carry out any remedial measures or modifications to the 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 APPROVAL

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

   Lkwy Strachan, P. Eng.
   Director
   Environment Act

File No.: 1713.30